



City of Dania Beach, Florida

Comprehensive Annual Financial Report

Fiscal Year ended September 30, 2016



**Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2016
Prepared by the Finance Department**

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CITY OF DANIA BEACH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2016

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City of Dania Beach

March 6, 2017

Mayor and Commission
City of Dania Beach
Dania Beach, FL 33004

Honorable Mayor and City Commissioners:

The Comprehensive Annual Financial Report of the City of Dania Beach ("City") for the year ending September 30, 2016 is hereby submitted in compliance with the City Charter and Florida Statutes. The City is required to provide annually a report on its financial position and activities that is audited by an independent firm of certified public accountants. All disclosures necessary to enable the reader to gain an understanding of the City of Dania Beach's activities have been included.

This report consists of management's representations concerning the finances of Dania Beach. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Dania Beach has established a comprehensive internal control framework that is designed to protect government assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of financial statements in conformity with Generally Accepted Accounting Principles in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Dania Beach's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds of the City of Dania Beach.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A compliments this letter of transmittal and should be read in conjunction with it.

The City's independent auditors, HCT Certified Public Accountants & Consultants, LLC, a firm of licensed certified public accountants, has audited the City's financial statements and has issued an unqualified opinion on the financial statements as presented herein. The independent auditors' report is presented as the first component of the financial section of this report.

PROFILE OF THE GOVERNMENT

The City of Dania Beach was incorporated in 1904 as Broward's first city. The City is located immediately south of the Fort Lauderdale-Hollywood International Airport, Port Everglades, and the Broward County Convention Center. Dania Beach operates under a Commission-City Manager form of government and provides services to an estimated 30,000 residents. Five Commission Members are elected at large on a non-partisan basis for four-year terms. The candidate with the highest number of votes will serve as the Mayor. The Commission appoints the City Manager, who is the Chief Administrative Officer of the City.

and is responsible for implementing policies adopted by the City Commission. The City Commission determines policy, adopts legislation, approves the City's budget, levies taxes, and sets fees.

Dania Beach is a major player in South Florida's academic, marine, and tourism industries. The American Maritime Officer's Training and the Simulation Training Assessment & Research Center for maritime ship licensing is located within the City's boundary, with state of the art bridge and engine room simulators which offer advanced merchant marine training. Bass Pro Shops and Divers Direct are major attractions in the City for people interested in outdoor sports, boating, diving, and fishing. The newly renovated Casino at Dania Beach joins the City as its newest revitalized attraction offering various entertainment options including a casino, jai alai, dining, music, and comedy club.

The City provides a full range of municipal services. The public safety program includes contracting of fire and rescue services and police services from the Broward County Sheriff's Office. The City's extensive recreation program includes a beach and fishing pier, pools, tennis courts, neighborhood parks, community centers and also provides a wide variety of programs for youth, adult and senior citizens. The Public Services Department provides essential street maintenance, roadway beautification, and general service operations, oversees Community Development Block Grants improvement projects. Public Services oversees operation of the City's water, sewer and stormwater services and also provides internal support for grounds maintenance, fleet management and citywide building maintenance. The Community Development Department provides planning, zoning, building inspection, and code compliance to the public.

Internal support services includes the Department of Human Resources which is responsible for recruitment, compensation and benefits, employee relations, workers compensation, property, casualty and liability insurance. The Finance Department handles all of the City's debt management, billing and collections as well as annual budget planning and preparation, computer network and support, management financial reporting, property lien research, cash management, capital assets recording, payroll and water and sewer utility billings and collections, annual budget and annual audit reporting, the City's business tax licensing, and water meter reading and basic residential water meter services.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective in which the City of Dania Beach operates. The City of Dania Beach is located in Southeastern Broward County on the Atlantic Ocean with the City of Hollywood to the south and the City of Fort Lauderdale to the North. Major economic influences in this area are predominantly the housing market (including home values, insurance, property taxes, and mortgage interest rates), travel and tourism (airport, seaport / cruising, Interstate and Turnpike access), the regional job market, new construction, weather events and uncertainty about revenue diversification and tax reform. In 2016, the Consumer Price Index increased and it is expected to stay level in 2017. Consideration of these economic indicators plays an important role in directing and prioritizing the use of City resources now and in the future.

In 2007, the Florida Legislature passed property tax reform legislation limiting the property tax levies of local governments in the State of Florida. Future property tax revenue growth is limited to the annual growth rate of per capita personal income, which has been minimal, plus the value of new construction. This limitation coupled with the lingering impacts of the National recession and declines in property values has resulted in the City seeking redevelopment opportunities in the City. Development and values are slowly increasing over the past several years and the anticipation is slow growth will continue in the coming year.

According to the Broward County Property Appraiser office, the taxable value of the City for year ended September 30, 2016 reflected an increase of 7.49% over the prior year. This is the third consecutive year the City has realized an increase in property values indicating the City is slowly beginning to rebound from the previous downturn economy. As in other cities, Dania Beach has experienced many home foreclosures and delays in property development. Current economic forecasts indicate property values

are expected to slowly increase over the next few years. It is important to note that while values are slowly increasing the City has yet to return to the property values reflected in 2008 at the beginning of the economic downturn.

In 2004, the State of Florida and Broward County passed a referendum for the operation of slot machines in four pari-mutuel sites, one of which, Dania Jai Alai is located in the City of Dania Beach. One of the nation's biggest gaming entertainment corporations purchased the property with plans to construct a casino. The first phase of the construction was completed in 2016 and the facility has re-opened. This has generated new revenues from the slot machine gaming area.

In 2010, the Florida Legislature approved a compact with the Seminole Tribe of Florida, Inc. authorizing blackjack and other card games at five Seminole casinos, including the Hollywood Hard Rock which sits adjacent to our City boarder. On an annual basis, the City receives a small portion of the net earnings attributed to the Hard Rock casino. Distributions are received annually in March/April based on the previous year's annual earnings through September 30th.

In March of 2008, the City engaged the first Community Redevelopment Director who reports directly to the CRA Board/City Commission. The Commission's goal is to revitalize areas running parallel to US1 and its adjacent neighborhoods. The CRA and the City of Dania Beach are continuing their efforts to attract new businesses, new developments and increase property values while at the same time respecting the historic character of Dania Beach, and the County's first incorporated City. The Commission and the CRA successfully expanded the CRA boundaries with approval by the Broward County Commission in 2010. With this expansion the CRA expanded its revitalization efforts.

LONG-TERM FINANCIAL PLANNING

The City has been working diligently on an array of capital projects that encompass 1) economic development, 2) infrastructure improvement / replacement and 3) facility expansion. The number and magnitude of City capital projects reached a peak in 2013 and will continue in a modest amount in the upcoming years. Most City capital projects are being financed by the use of accumulated fund balance cash; however the City's large utility infrastructure improvements have primarily used loans from the State Department of Environmental Protection – State Revolving Fund (SRF loans). The Commission has adopted a Debt Policy to help provide guidance regarding the prudent use of debt and the reasonable total amount of debt to help ensure the City's continued financial stability in future years.

During the past year, the City has undertaken several projects including the following:

- Renovation of Lime Softening Water Plant using loan financing and accumulated Net Position with expected completion by December 2017.
- Citywide solar lighting using General Fund balances and Community Development Block Grant funding; the City has adopted an ongoing initiative to enhance citywide street lights.
- Stormwater drainage improvements –using a combination of accumulated fund balance and SRF loan financing. The first phase has been completed in 2016 and the second phase is expected to begin in late 2017 to early 2018.
- Various neighborhood OASIS beautification projects using General Fund revenues and Community Development Block Grant funding; the City is working towards an annual initiative to select beautification project throughout the City to enhance and rehabilitate neighborhood within the qualifying areas.
- Redevelopment of the City's beach area using General Fund balances – expected completion of Phase I is March 2017.

RELEVANT FINANCIAL POLICIES

The City of Dania Beach's budgetary and financial policies provide the basic framework for the overall fiscal management of the City. The main policies consist of the revenue, cash management and investments, debt, and fund balance policies. These policies are used in the development of current activities and planning for future programs.

Revenue Policy

The City will attempt to maintain a diversified and stable revenue system to avoid reliance on any one revenue source and will attempt to minimize the dependence on property taxes. Charges for services are used to recover partial or full cost of providing services that benefit individual users. Additionally, it is the City's intent that new ongoing operating costs are funded with permanent, ongoing revenue sources, although several of the City's roadway and neighborhood improvements may cause maintenance costs to increase in coming years. One time operating costs are tied to one-time revenue sources to ensure fund balance integrity.

Cash Management and Investments Policy

The City follows its adopted investment policy when handling public funds. The intent of this policy is to 1) ensure the preservation of principal, 2) maintain sufficient cash flow to enable the City to meet its obligations, and 3) maximize the return on assets with an acceptably low exposure to risk. The investment policy meets the requirements of Florida Statutes, section 218.415.

Cash temporarily idle during the year was primarily invested in the Local Government Surplus Funds Trust Fund and the Florida Municipal Investment Trust. Changes in fair market value are temporary as the City intends to hold all investments to maturity.

Debt Policy

The City seeks to maintain the highest bond rating to minimize borrowing costs. Debt is issued when necessary to finance capital projects, but is never used for current operations. The City reviews and evaluates its existing obligations and future borrowing needs regularly. During the year ended September 30, 2016, and in August of the previous year, market conditions provided the City with the opportunity to take advantage of a bond refinancing opportunities which combined will save the City more than \$1.0 million dollars. During fiscal year 2016 the City Business-type Funds have added no material debt but it should be noted the City has been approved for an approximately \$6.0 million dollar loan under the State Revolving Fund (SRF) with proceeds primarily used for improvements to the City's stormwater system.

Fund Balance Policy

The City adopted a target fund balance for the City's General fund establishing 20% of annual budgeted expenditures as a minimum unassigned fund balance to maintain. This minimum balance was established to help Dania Beach provide sufficient cash flow for its monthly financial needs, secure and maintain competitive market-based borrowing rates, help offset significant economic downturns or revenue shortfalls, and provide funds for unforeseen emergency expenditures. The City Commission has placed several commitments and assignments using the General Fund to provide resources for an array of items including 1) capital projects, 2) emergency disaster recovery, and 3) increased annual pension funding.

AWARDS AND ACKNOWLEDGEMENTS

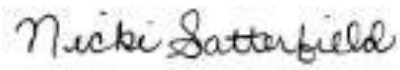
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dania Beach for its Comprehensive Annual Financial Report for the year ended September 30, 2015. This was the twenty-seventh consecutive year (fiscal years 1988-2015) the government has received this prestigious award. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. We believe that the September 30, 2016, Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

A Comprehensive Annual Financial Report of this nature could not have been prepared without the dedicated efforts of the entire staff of the Finance Department. Special thanks must be given to Adam Segal, Assistant Finance Director and Yeimy Guzman, Controller for their dedication in the creation of this comprehensive report. Credit and thanks is also given to the City Manager, Mayor and Commission for

their support and commitment to sound management practices which provide the framework for long-term fiscal stability for the City of Dania Beach.

Respectfully submitted,

A handwritten signature in black ink that reads "Nicki Satterfield". The signature is written in a cursive, flowing style.

Nicki Satterfield
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Dania Beach
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

DANIA BEACH CITY OFFICIALS

CITY COMMISSION

Mayor: Marco A. Salvino, Sr.

Vice Mayor: Albert C. Jones

Commissioner: Bobbie H. Grace

Commissioner: Chickie Brandimarte

Commissioner: Paul Fetscher

CITY MANAGER

Robert Baldwin

CITY ATTORNEY

Thomas Ansbro

FINANCE DIRECTOR

Nicki Satterfield

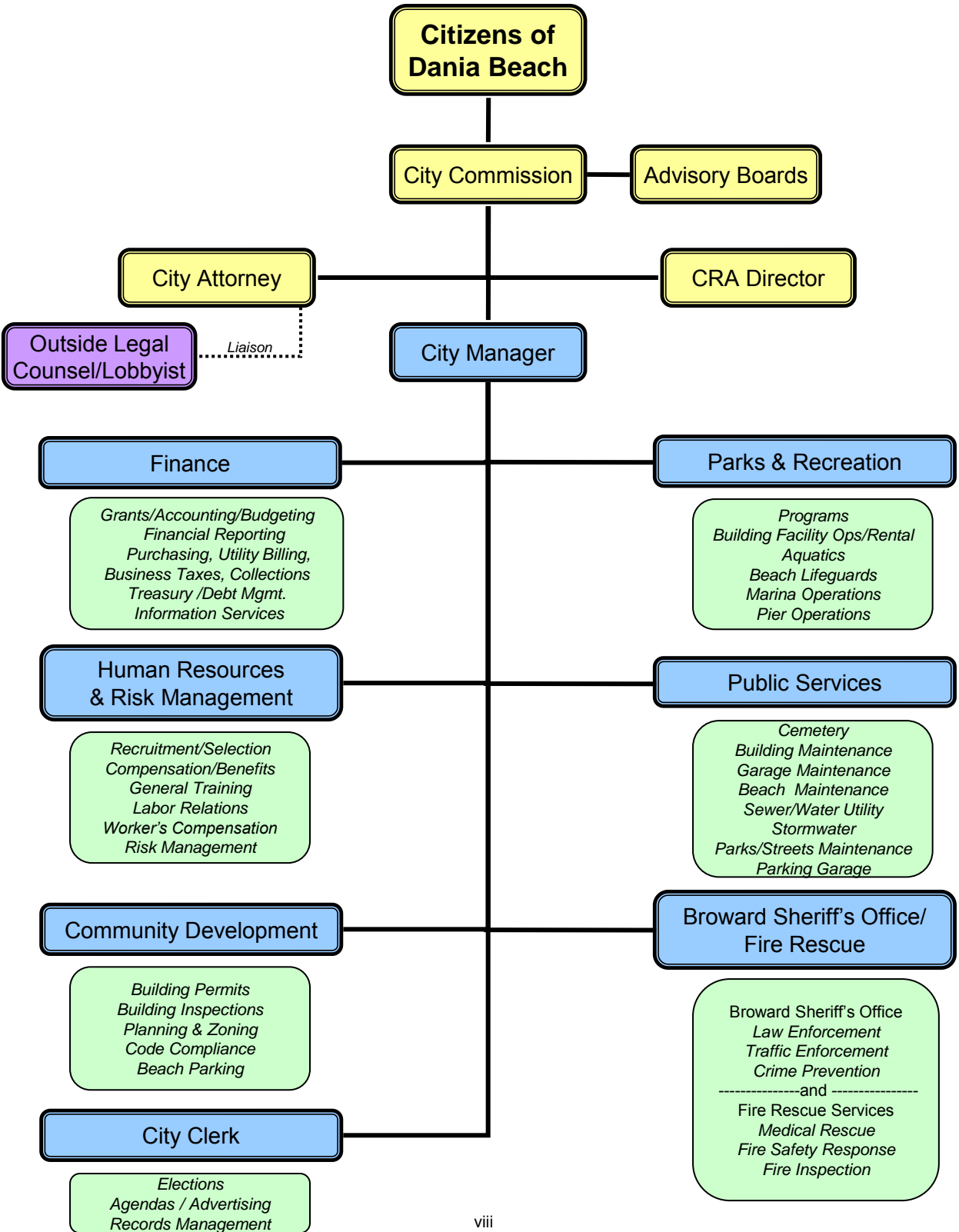
ASSISTANT FINANCE DIRECTOR

Adam Segal CPA, FCCA, CFE

CONTROLLER

Yeimy Guzman

City of Dania Beach Organizational Chart



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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Commission
City of Dania Beach, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dania Beach, Florida (the 'City') as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Police and Firefighter Pension Plan, which represent 59 percent, 59 percent, and 76 percent, respectively, of the assets, net position and revenues of the governmental funds. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for City of Dania Beach, Florida is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dania Beach, Florida, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Schedule of funding progress – OPEB, changes in City's net pension liability and related ratios, City contributions and Schedules of Funding Progress on pages 4–19 and 76-87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dania Beach's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida
March 7, 2017

CITY OF DANIA BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016

The City of Dania Beach's financial statements are designed to provide the readers of the financial statements easy to understand information and analysis of the City's financial activities based on currently known facts, decisions and conditions. This section is specifically designed to assist the reader in focusing on significant financial issues, changes in the City's financial position and material deviations from the approved budget and also to identify each individual funds issues and concerns. We encourage the reader to consider the information presented here in conjunction with the information provided in the letter of transmittal which can be found at the beginning this report.

FINANCIAL HIGHLIGHTS

The City-wide assets plus deferred outflows of resources exceeded liabilities at the close of fiscal year 2016 by approximately \$92.5m (net position) reflecting an increase of 2.25m over the prior year. Of this total amount, \$28.3m (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net position increased primarily due to increases in general revenues of \$3.0m caused by increasing property tax collections, special assessments as well as miscellaneous revenues, in particular revenue generated from casino slot machines.

The City's business type activities reported total net position of \$47m, which is an increase of \$2m, after prior period adjustments, or 4.2%, in comparison to the prior year. Approximately 45% of the total or \$21.3m is unrestricted and is available for spending at the City's discretion.

At the close of fiscal year 2016, the City's governmental funds reported a combined ending fund balance of approximately \$34.5m which includes the General Fund, Capital Projects Fund, Grants Fund, CRA, Debt Service Fund and other governmental funds. This balance represents an increase of \$0.2m from the prior year due primarily to increases in special assessments and miscellaneous revenues. The General Fund has an unassigned fund balance of \$23.5m available for spending at the City's discretion or roughly 52% of the annual General Fund budget. This unassigned fund balance is \$3.1m more than the prior year and was positively impacted by increasing transfers from enterprise funds. The grant fund shows a small deficit due to outstanding grant award projects, predominantly for major construction projects which provide future reimbursements after costs have been incurred and paid by the City. The General Fund assigned and unassigned fund balances totals \$25.6m, net of the Grant Fund deficit. The \$4.1m fund balance in the Capital Projects Fund is planned to be used entirely for approved governmental capital improvements. Similarly, the \$0.6m fund balance of the CRA Fund is planned for future economic and business development uses.

The General Fund reported an operating deficit for budgetary purposes of (\$0.4)m for fiscal year 2016, before transfers and other financing sources. General Fund revenue sources were \$43.6m reflecting a negative variance of \$(1)m from the budget plan due to a decrease in miscellaneous revenues. Expenditures for the year were \$44.0m before transfers and other financing sources, reflecting a positive variance of \$3.6m from the budget plan, primarily due to savings on general government administration, public safety, highways and streets. General Fund transfers were used primarily for funding of capital projects, debt repayments, allocation of administration costs and payment-in-lieu-of-tax supporting City operations. The General Fund completed the fiscal year with a net positive variance of \$1.1m compared with the budget plan.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's financial statement is comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. In addition to the basic financial statements, this report also contains other supplementary information that further explains and supports the information in the financial statements.

CITY OF DANIA BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016

The following table summarizes the major features of the City's financial statements:

| | Government-wide Statement | Governmental Funds | Fund Statements | |
|--|--|--|--|--|
| | | | Proprietary Funds | Fiduciary Funds |
| Scope | Entire City government (except fiduciary funds) | The activities of the City that are not proprietary or fiduciary such as police, fire, parks | Activities the City operates similar to private business such as water and sewer system | Instances in which the City is the trustee or agent for someone else's resources, such as retirement plans for employees |
| Required financial statements | Statement of Net Position Statement of Activities | Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balance | Statement of Net Position Statement of Revenues, Expenses and Changes in Fund Net Position Statement of Cash Flows | Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus | Accrual accounting and economic resources focus |
| Type of asset/liability information | All assets and liabilities, both financial and capital, and short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon after, no capital assets included | All assets and liabilities, both financial and Capital and short-term and long-term | All assets and liabilities, both short-term and long-term |
| Type of inflow/outflow information | All revenues and expenses during the year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year, expenses when goods/services have been received and payment is due, during the year or soon thereafter | All revenues and expenses during the year, regardless of when cash is received or paid | All additions and deductions during the year, regardless of when cash is received or paid |

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The focus of the government-wide financial statements is on the overall financial position and activities of the City of Dania Beach. Reporting is similar to that of a private-sector business. The City's government-wide financial statements include the statement of net position and statement of activities. As described below, these statements do not include the City's fiduciary funds as resources of these funds cannot be used to finance the City's operations. However, the financial statements of the fiduciary funds are included in the City's fund financial statements as the City is financially accountable for those resources.

CITY OF DANIA BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016

The Statement of Net Position provides information on the assets held and liabilities owed by the City. Assets and liabilities are reported using the accrual basis of accounting, meaning assets are recorded when the City acquires ownership and liabilities are reported when they are incurred, regardless of when cash is received or paid. The difference between the City's total assets and total liabilities is net position. This statement combines and consolidates the governmental entity's current financial resources (short-term spendable resources) with capital assets and long term financial obligations.

The Statement of Activities focuses on both the gross and net cost of various activities. This is intended to summarize and simplify the user's analysis of cost of various governmental services and the local taxing effort necessary to sustain each of those activities. The operations of City of Dania Beach are divided into two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here. It includes police, fire, public services, community development, parks, the Dania Beach Community Redevelopment Agency and administrative departments. These services are principally supported by property taxes, franchise fees and utility taxes, license and permit fees, intergovernmental revenues, special assessment and state, federal and local grant revenues.
- Business-type activities – City's services for which fees and charges are implemented with the intention to cover all or significant portion of the related costs. These services include water, sewer, stormwater, beach pier, marina and parking systems.

These two statements report net position and the changes in that position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Many non-financial or external factors, such as the City's tax base are reflected in the quality of its housing and commercial properties, the condition of City buildings and roads, and the number and types of businesses in the City, which all contribute to the overall health of the City.

FUND FINANCIAL STATEMENTS

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the City rather than the City as a whole. Except for the General Fund, separate funds are established to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements as required by state and federal laws, bond covenants and the governmental accounting standards. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Most of City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and on the balance left at year-end that is available for future spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources available for allocation to future budgets and programs. The relationship (or differences) between governmental activities, as reported in the Statement of Net Position and the Statement of Activities, and governmental funds is reconciled on the page following the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances.

CITY OF DANIA BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016

The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet, governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Grants Fund, Community Redevelopment Agency Fund and the Capital Projects Fund which are considered to be major funds. Information from the other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements.

The City adopts annual appropriated budgets for its General Fund, Capital Projects Fund, Building Fund, Community Redevelopment Agency Fund, and Debt Service Fund. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budgets.

Proprietary Funds – *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, stormwater, pier, parking and marina operations.

Proprietary funds provide the same type of information as the government-wide financial statements except in more details. The financial statements provide separate information for the water, sewer, stormwater utility, pier, parking and the renovated marina operations.

Fiduciary Funds – The City reports pension trusts for its two defined benefit pension plans and for its Other-Post-Employment-Benefit (OPEB) health plan in the fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential for a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligations to provide pension benefits to its employees.

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CITY OF DANIA BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following schedule is a summary of the fiscal year 2016 Statement of Net Position with comparative information for fiscal year 2015. This schedule which presents net position – the difference between the City's assets and deferred outflows and liabilities and deferred inflows – is one way to measure the City's financial health or position:

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------|-------------------------|--------------------------------|--------------------------|--------------------------------|----------------------|--------------------------------|
| | <u>2016</u> | <u>2015</u> <u>Restated</u> | <u>2016</u> | <u>2015</u> <u>Restated</u> | <u>2016</u> | <u>2015</u> <u>Restated</u> |
| Current and other assets | \$ 38,536,318 | \$ 38,059,195 | \$ 27,855,648 | \$ 25,903,084 | \$ 66,391,966 | \$ 63,962,279 |
| Capital assets | <u>50,992,225</u> | <u>51,847,602</u> | <u>39,352,339</u> | <u>40,690,884</u> | <u>90,344,564</u> | <u>92,538,486</u> |
| Total assets | <u>89,528,543</u> | <u>89,906,797</u> | <u>67,207,987</u> | <u>66,593,968</u> | <u>156,736,530</u> | <u>156,500,765</u> |
| Deferred outflows | <u>12,711,885</u> | <u>7,484,459</u> | <u>1,738,912</u> | <u>859,911</u> | <u>14,450,797</u> | <u>8,344,370</u> |
| Current liabilities | 2,153,615 | 1,972,943 | 1,507,519 | 1,930,034 | 3,661,134 | 3,902,977 |
| Long term liabilities: | | | | | | |
| Due in less than one year | 795,958 | 800,408 | 1,043,057 | 857,961 | 1,839,015 | 1,658,369 |
| Due in more than one year | <u>52,809,236</u> | <u>48,066,842</u> | <u>19,272,297</u> | <u>19,464,323</u> | <u>72,081,533</u> | <u>67,531,165</u> |
| Total liabilities | <u>55,758,809</u> | <u>50,840,193</u> | <u>21,822,873</u> | <u>22,252,318</u> | <u>77,581,682</u> | <u>73,092,511</u> |
| Deferred inflows | <u>13,511,051</u> | <u>1,296,664</u> | <u>1,817,234</u> | <u>190,966</u> | <u>15,328,285</u> | <u>1,487,630</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 35,651,910 | 35,872,543 | 23,740,182 | 23,941,609 | 59,392,092 | 59,814,152 |
| Restricted | 2,761,211 | 3,218,810 | 2,027,747 | 3,144,405 | 4,788,958 | 6,363,215 |
| Unrestricted | <u>7,077,800</u> | <u>6,163,046</u> | <u>21,253,404</u> | <u>17,924,581</u> | <u>28,331,204</u> | <u>24,087,627</u> |
| Total net position | <u>\$ 45,490,921</u> | <u>\$ 45,254,399</u> | <u>\$ 47,021,333</u> | <u>\$ 45,010,595</u> | <u>\$ 92,512,254</u> | <u>\$ 90,264,994</u> |

The overall financial position of the City improved in total to \$92.5m during fiscal year 2016 compared to 2015. Unrestricted net position increased by \$4m due to additional property taxes, special assessments as well as overall performance of enterprise funds. A change in net position over time is a good and useful indicator of financial position. Key elements of the reconciliation of the statements are that the government-wide statement of activities reports the issuance of debt as a liability, the purchases of capital assets as assets which are then charged to expense over their useful lives through annual depreciation charges and changes in long-term liabilities as adjustments of expenses. Conversely, the governmental fund statements report the issuance of debt as other financing source of funds, the repayment of debt and the purchase of capital assets as expenditures, and changes in long-term liabilities are not reported in the operating statements.

The majority of the City's total net position (64%) are in capital assets, such as land, construction in progress, buildings and improvements, infrastructure such as roads, parks and utility, furniture, fixtures and equipment, less any related debt outstanding that was used to acquire those assets. This capital investment decreased \$(2.2)m in the current year, primarily due to depreciation expense offset by additions. The City uses capital assets to provide basic services to residents and foster a vibrant business climate. Although City investments in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because it is unlikely that these capital assets would be sold or liquidated.

The City's combined total unrestricted net position may be used to meet the City's ongoing obligations to its citizens and creditors. The City is able to report positive balances in all three categories of net position, both for the government as a whole, and for its separate governmental and business-type activities.

CITY OF DANIA BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016

CHANGES IN NET POSITION

The following schedule is a summary of the fiscal year 2016 Statement of Activities compared to 2015.

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|-------------------------|--------------------------|-------------------------|----------------------|-------------------------|
| | <u>2016</u> | <u>2015</u> Restated | <u>2016</u> | <u>2015</u> Restated | <u>2016</u> | <u>2015</u> Restated |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 13,421,246 | \$ 13,512,376 | \$ 16,660,252 | \$ 17,191,267 | \$ 30,081,498 | \$ 30,703,643 |
| Operating grants | 395,138 | 1,001,165 | - | - | 395,138 | 1,001,165 |
| Capital grants contributions | 136,075 | 205,326 | - | - | 136,075 | 205,326 |
| General revenues: | | | | | | |
| Property taxes | 17,835,092 | 16,650,291 | - | - | 17,835,092 | 16,650,291 |
| Utility taxes | 3,627,385 | 3,582,609 | - | - | 3,627,385 | 3,582,609 |
| Franchise fees | 2,571,950 | 2,614,609 | - | - | 2,571,950 | 2,614,609 |
| Intergovernmental | 5,428,609 | 5,379,885 | - | - | 5,428,609 | 5,379,885 |
| Miscellaneous | 2,987,140 | 1,898,046 | 573,819 | - | 3,560,959 | 1,898,046 |
| Investment earnings | 253,495 | 111,579 | 67,555 | 24,821 | 321,050 | 136,400 |
| Total revenues | <u>46,656,130</u> | <u>44,955,886</u> | <u>17,301,626</u> | <u>17,216,088</u> | <u>63,957,756</u> | <u>62,171,974</u> |
| Expenses: | | | | | | |
| General Government | 6,337,517 | 6,112,551 | - | - | 6,337,517 | 6,112,551 |
| Public Safety | 28,314,440 | 25,400,964 | - | - | 28,314,440 | 25,400,964 |
| Highway and Streets | 3,346,142 | 2,717,458 | - | - | 3,346,142 | 2,717,458 |
| Physical environment | 3,915,075 | 3,774,582 | - | - | 3,915,075 | 3,774,582 |
| Culture & Recreation | 3,934,643 | 3,147,016 | - | - | 3,934,643 | 3,147,016 |
| Community Redevelopment | 3,928,473 | 3,539,737 | - | - | 3,928,473 | 3,539,737 |
| Interest expense | 317,545 | 208,425 | - | - | 317,545 | 208,425 |
| Water | - | - | 4,138,087 | 4,117,523 | 4,138,087 | 4,117,523 |
| Sewer | - | - | 4,561,554 | 3,693,787 | 4,561,554 | 3,693,787 |
| Stormwater | - | - | 1,052,413 | 877,269 | 1,052,413 | 877,269 |
| Pier Operations | - | - | 463,596 | 415,719 | 463,596 | 415,719 |
| Parking | - | - | 573,544 | 548,092 | 573,544 | 548,092 |
| Marina | - | - | 827,467 | 718,044 | 827,467 | 718,044 |
| Total expenses | <u>50,093,835</u> | <u>44,900,733</u> | <u>11,616,661</u> | <u>10,370,434</u> | <u>61,710,496</u> | <u>55,271,167</u> |
| Increase (decrease) in net position before transfers | (3,437,705) | 55,153 | 5,684,965 | 6,845,654 | 2,247,260 | 6,900,807 |
| Transfers | <u>3,380,840</u> | <u>3,380,840</u> | <u>(3,380,840)</u> | <u>(3,380,840)</u> | <u>-</u> | <u>-</u> |
| Increase (decrease) in net position | (56,865) | 3,435,993 | 2,304,125 | 3,464,814 | 2,247,260 | 6,900,807 |
| Net position, beginning of year | <u>45,547,786</u> | <u>42,111,793</u> | <u>44,717,208</u> | <u>41,252,394</u> | <u>90,264,994</u> | <u>83,364,187</u> |
| Net position, ending of year | <u>\$ 45,490,921</u> | <u>\$ 45,547,786</u> | <u>\$ 47,021,333</u> | <u>\$ 44,717,208</u> | <u>\$ 92,512,254</u> | <u>\$ 90,264,994</u> |

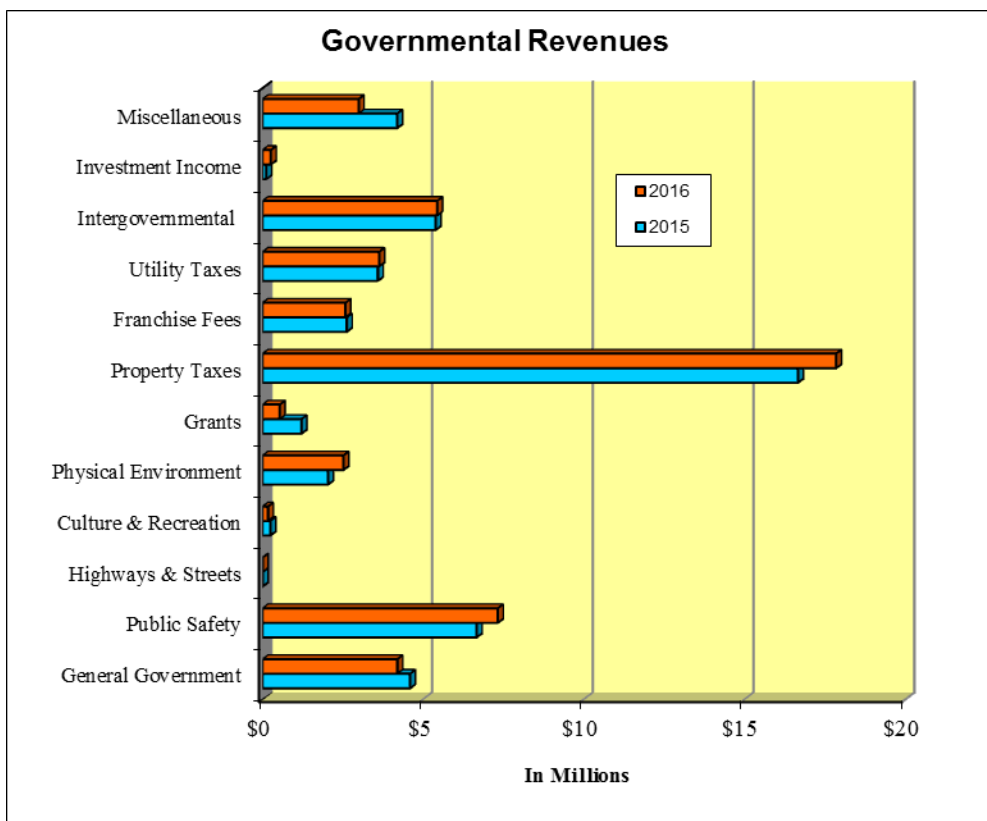
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CITY OF DANIA BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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GOVERNMENTAL ACTIVITIES

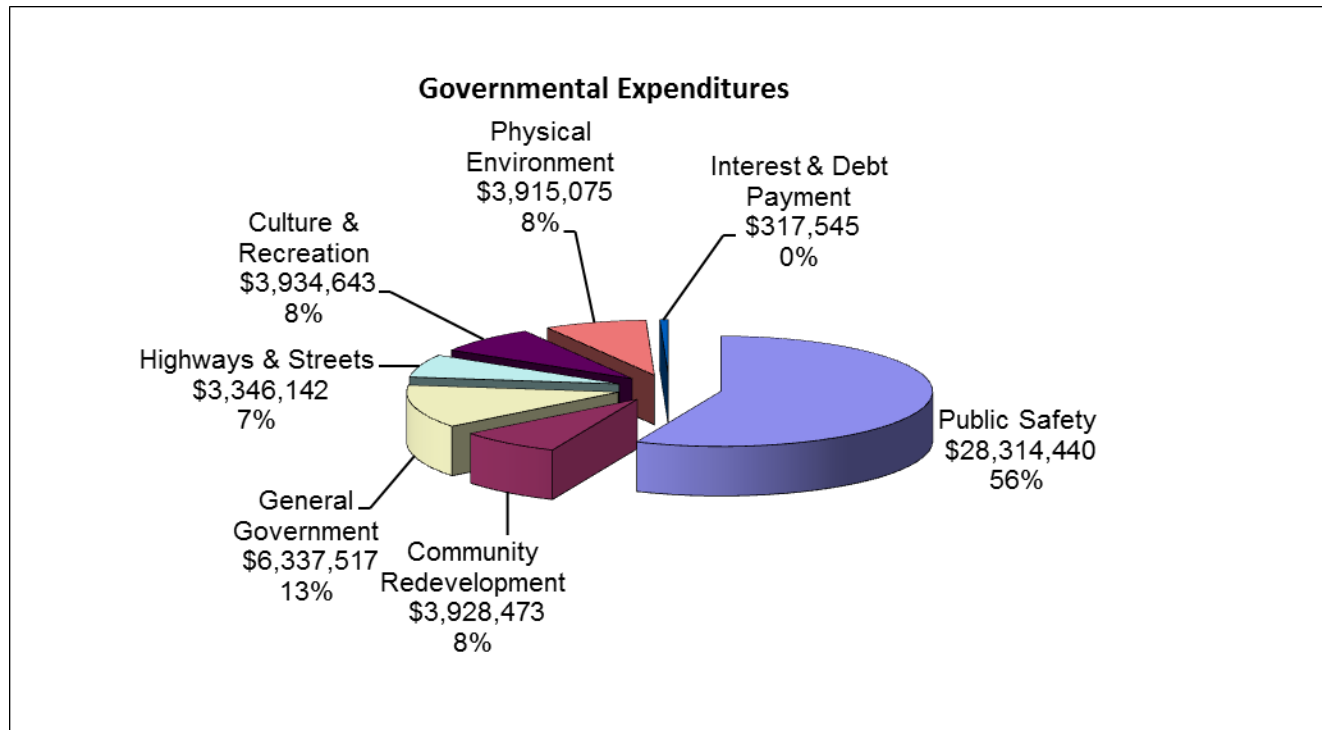
Governmental activities decreased the City's net position by a combined total of \$3.4m for the fiscal year before transfers. Governmental revenues increased by \$1.7m primarily due to property taxes and miscellaneous revenues. Expenses increased by a total of \$5.2m from the prior year mostly due to increased public safety costs including pension related expenses.

The chart below illustrates the distribution of program and general revenues for governmental activities for fiscal year 2016 and 2015:



CITY OF DANIA BEACH, FLORIDA
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The pie chart below illustrates the program expenses for governmental activities for the year ended September 30, 2016:



BUSINESS-TYPE ACTIVITIES

The City operates six business-type activity funds including a Marina Enterprise fund. All of these funds show positive operating income of \$6.1m, which was a decrease over the prior year of (\$1.2)m due to increases in expenses in the enterprise funds.

- Water Fund operations reflect an increase of \$0.1m in net position. Operating income remained level at \$1.7m in line with the prior year. Unrestricted net position of the Water Fund show a balance of \$5.7m reflecting a slight increase of \$1.5m from the prior year. Investments in other capital infrastructure improvements, net of debt, decreased slightly from the prior year to a total of \$8.7 due to depreciation expense.
- The Sewer Fund experienced an increase in net position of \$1.3m. This is primarily due to the benefits of large capital infrastructure improvements undertaken for lift station replacement and groundwater infiltration improvements. Unrestricted net position of the Sewer Fund totaled \$9.3m reflecting an increase of \$2.5m from the prior year.
- The Stormwater Fund experienced an increase in net position of \$0.5m. Annual property assessment rates were unchanged from prior year. Delays in capital infrastructure projects allowed this fund to accumulate resources for new equipment purchases and to perform smaller neighborhood storm drainage capital improvement projects using its annual cash collections. These projects are currently in progress. Unrestricted net position of the Stormwater Fund shows an increase in balance of \$0.2m.

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The Marina Fund revenues continue to improve over the prior year under the management of Westrec in the amount of \$0.1m. The marina has experienced a full year of operations in 2016.

- The City's Non-major funds include the Parking and Pier Operations Funds. The Parking Fund has continued to experience improved collections with operating revenues totaling \$1.7m which is a slight decrease from the prior year. Revenues are derived almost entirely from beach parking fees and beach parking enforcement. Downtown development initiatives by the CRA continue to work toward developing demand and use of the downtown parking garage. Operating costs for both the beach and downtown garage areas are reflected in this fund.
- The Pier Operations Fund reflects an annual increase in operating income of approximately \$0.5m. Unrestricted net position decreased slightly over the prior year after transfers out.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

The City of Dania Beach uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2016, the City's governmental funds reported combined ending fund balances of \$34.5m an increase of \$0.2m in comparison with the prior year. Approximately 67.4% or \$23.3m of the ending balance is unassigned and available for spending at the City's discretion with \$2.2m assigned by City management for emergency recovery, litigation and fire pension cost. A balance of \$4.1m is committed for capital projects \$0.9m for City cemetery and tree preservation use. A balance of \$0.4m is restricted for specific use by laws, loans and grant agreements.

Below is the analysis of the fund balance for fiscal year 2016:

| | <u>General Fund</u> | <u>Capital Projects Fund</u> | <u>Other Funds</u> | <u>Total</u> |
|---|-------------------------|--------------------------------------|------------------------|----------------------|
| Fund balances, September 30, 2015 | \$ 25,595,105 | \$ 5,124,519 | \$ 3,654,515 | \$ 34,374,139 |
| Revenues | 43,558,707 | - | 3,097,423 | 46,656,130 |
| Expenditures | (43,993,620) | (1,264,082) | (7,604,028) | (52,861,730) |
| Other financing sources (uses) | 1,530,928 | 245,960 | 4,603,273 | 6,380,161 |
| Total Fund balances, September 30, 2016 | 26,691,120 | 4,106,397 | 3,751,183 | 34,548,700 |
| Nonspendable fund balance, September 30, 2016 | - | - | - | - |
| Restricted fund balances, September 30, 2016 | (541,405) | - | (2,456,989) | (2,998,394) |
| Committed fund balance, September 30, 2016 | (397,856) | 4,106,397 | (893,140) | 2,815,401 |
| Assigned fund balance, September 30, 2016 | (2,246,576) | - | - | (2,246,576) |
| Unassigned fund balance, September 30, 2016 | <u>\$ 23,505,283</u> | <u>\$ -</u> | <u>\$ 401,054</u> | <u>\$ 32,119,131</u> |

CITY OF DANIA BEACH, FLORIDA
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September 30, 2016

General Fund

The General Fund is the chief operating fund of the City. As of September 30, 2016, the fund balance of the City's General Fund increased by \$1.1m to a total of \$26.7m. Total General Fund revenues increased by \$2.7m to a total of \$43.6m due to an increase in ad valorem revenues of \$1.1m, special assessments of \$0.7m, charges for services of \$0.5m and miscellaneous revenues of \$.4. Expenditures increased by \$5.5m over fiscal year 2015 to a total of \$44.0m and reflect another significant increase in public safety costs totaling more than \$2.9m.

The amount of General Fund revenue by type, their percent of the total and the amount of change compared to the last three fiscal years are shown in the following schedule:

Revenues

| | Current Year 9/30/2016 | 1 year ago 9/30/2015 | 2 years ago 9/30/2014 | 3 years ago 9/30/2013 | Change Over Past 3 Years | Change Percent |
|------------------------|---------------------------|-------------------------|--------------------------|--------------------------|-----------------------------|-------------------|
| General Fund Revenues: | | | | | | |
| Ad valorem taxes | \$ 17,835,092 | \$ 16,650,291 | \$ 16,135,270 | \$ 15,467,882 | \$ 2,367,210 | 15.30% |
| Special assessments | 5,821,427 | 5,081,535 | 5,052,071 | 4,065,279 | 1,756,148 | 43.20% |
| Franchise fees | 2,571,950 | 2,614,609 | 2,619,934 | 2,292,448 | 279,502 | 12.19% |
| Utility taxes | 3,627,385 | 3,582,609 | 4,762,128 | 4,617,269 | (989,884) | -21.44% |
| Licenses and permits | 1,188,054 | 1,519,063 | 1,348,722 | 880,205 | 307,849 | 34.97% |
| Intergovernmental | 5,428,609 | 5,379,885 | 3,946,863 | 3,669,786 | 1,758,823 | 47.93% |
| Charges for services | 4,188,086 | 3,638,794 | 3,557,682 | 3,424,154 | 763,932 | 22.31% |
| Fines and forfeitures | 463,642 | 513,704 | 427,084 | 355,032 | 108,610 | 30.59% |
| Interest | 230,963 | 102,330 | 58,476 | 74,034 | 156,929 | 211.97% |
| Miscellaneous | 2,203,499 | 1,730,997 | 1,910,964 | 2,826,839 | (623,340) | -22.05% |
| Total Revenues | <u>\$ 43,558,707</u> | <u>\$ 40,813,817</u> | <u>\$ 39,819,194</u> | <u>\$ 37,672,928</u> | <u>\$ 5,885,779</u> | <u>15.62%</u> |

The increase in ad valorem taxes has not been significant due to a combination of State legislative restrictions, and property valuation adjustments approved by the County further reducing taxable property values. For fiscal years 2014, 2015 and 2016, the City approved a millage rate of 5.9998 reflecting an 8.99% increase from the "rolled-back" rate.. In fiscal year 2015, City property values began to increase after decline of 1% between 2012 and 2013, which was partially due to reduced construction and development throughout the City. Property values have continued to appreciate again this year by approximately \$1.2m Non Ad-Valorem assessment rates for fire were increased in fiscal year 2015 and again by a lesser amount in 2016 to provide funding for increased contract and fire pension costs. Intergovernmental revenues have increased with greater sales tax receipts and a new annual profit sharing agreement approved by the legislature as well as an improving economy. There was a significant increase in investment earnings (which still remain relatively low) during the current year and this is expected to continue as the federal government begins to slowly increase interest rates.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Expenditures

The amount of General Fund expenditures by type, their percent of the total and the amount of change compared to the last three fiscal years are shown in the following schedule:

| | Current Year 9/30/2016 | 1 year ago 9/30/2015 | 2 years ago 9/30/2014 | 3 years ago 9/30/2013 | Change Over Past 3 Years | Change Percent |
|---------------------------|---------------------------|-------------------------|--------------------------|--------------------------|-----------------------------|-------------------|
| General Fund Expenditures | | | | | | |
| Current: | | | | | | |
| General government | \$ 6,347,197 | \$ 5,787,355 | \$ 5,675,429 | \$ 5,716,121 | \$ 631,076 | 11.04% |
| Public safety | 27,473,950 | 24,381,313 | 23,287,082 | 22,319,940 | 5,154,010 | 23.09% |
| Highways and streets | 2,094,086 | 1,571,248 | 1,333,177 | 1,099,131 | 994,955 | 90.52% |
| Physical environment | 4,689,865 | 3,697,428 | 3,502,300 | 2,857,462 | 1,832,403 | 64.13% |
| Community redevelopment | 650,565 | 566,705 | 659,499 | 612,859 | 37,706 | 6.15% |
| Culture and recreation | 2,737,957 | 2,489,397 | 2,336,532 | 2,907,610 | (169,653) | -5.83% |
| Total expenditures | <u>\$ 43,993,620</u> | <u>\$ 38,493,446</u> | <u>\$ 36,794,019</u> | <u>\$ 35,513,123</u> | <u>\$ 8,480,497</u> | <u>23.88%</u> |

- General Government costs have increased over prior year.
- Highways and street expenditures increased due to roadway repaving being performed through the Public Services Department during the past year.
- Increased public safety cost continues to challenge the City's annual financial balance. Cost increases are primarily attributed to two factors. First, is the annual adjustment in cost offered by the Broward Sheriff's Office for contracted police and fire services. Second, an increased and growing amount of annual employer retirement contributions for former City police and fire staff needed to fund the City Police and Fire Pension Plan. Annual retirement cost increases stem from a combination of factors including closure of the Plan to new participants when contract BSO-fire services began in January 2011, unexpected renegotiation of BSO's original annual contract fire contribution that shifted \$ 0.5m annually of initial BSO funding back to City cost, and impacts from revised, more realistic Pension Board actuarial assumptions. Funding of contributions to the City's Police and Fire Pension Plan is paid predominantly by the City outside of the annual Broward Sheriff's Office contract service agreements.

Other Major Governmental Funds

The Capital Projects Fund received inter-fund net transfers of \$.25m during fiscal year 2016 for use on various governmental infrastructure projects approved by the City Commission. Capital Project expenditures totaled \$ 1.2 million, including funding from prior year project approvals. Expenditures were made for an array of approved projects including another additional "oasis" neighborhood entryway; solar lighting, and traffic improvements; and conceptual development of a beach master plan.

The CRA Fund received net transfers of almost \$ 0.9m from the General Fund. Expenditures of the CRA totaled \$1.1m which included operations of the neighborhood garden, matching funds for local business improvements, and completion of several neighborhood improvement projects funded by prior year transfers. The City's CRA is unusual since it was not approved by the County to receive any tax increment financing. The CRA therefore receives its operational funding from annual City General Fund transfers.

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The Grant Fund reported a total of \$.5m in revenues during 2016 from a mixture of State and County sources. The Grant Fund still remains in a deficit while awaiting collection of the grant awards in future periods.

The Debt Service Fund received proceeds from the refinancing of debt in the amount of \$2.8m offset by the refunding of old debt. The Debt Service Fund received \$1.3m in net transfers from the general fund in order to pay down various debt obligations.

Proprietary Funds

The fund financial statements for the proprietary funds provide essentially the same type of information found in the government-wide financial statements, but in more detail. There are six proprietary funds for fiscal year 2016: Water, Sewer, Stormwater, Parking, Pier Operations, and Marina Fund. The net changes of these funds have already been addressed in the discussion of the City's business-type activities.

BUDGET INFORMATION

The City Commission approves the original budget (adopted budget) in September prior to the beginning of the fiscal year. The final budget (amended budget) reflects divisional changes made administratively and approved by the City Manager, prior year encumbrances and departmental changes and supplemental appropriations approved by the City Commission during the year.

The most significant differences between the adopted budget and the amended budget are as follows:

- Legal increase is attributed to continuing litigation costs.

The most significant differences between the amended budget and actual expenses in the General Fund were as follows:

- Finance include less expenditures due to a decrease in professional services and contractual fees.
- General services were significantly less than budgeted for due to projects not completed during the year and decrease in professional services and contractual fees.
- Highways and Streets and Culture and Recreation both were significantly less than budgeted for (\$0.3m and 0.2m, respectively) due to capital projects not occurring that were budgeted for. This was mostly due to timing issues.
- Public Safety (Fire) expenses were over budget by almost \$0.8m primarily due to increased contract and to a lesser extent pension costs.

CITY OF DANIA BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Dania Beach total capital assets for governmental and business-type activities as of September 30, 2016 amount to \$ 90.3m (net of accumulated depreciation) representing a decrease of almost \$2.2m over last year's balance (depreciation exceeded asset additions). This investment in capital assets includes land, construction in progress, buildings and improvements, infrastructure, utility system, furniture, fixtures and equipment.

Capital Assets (Net of Depreciation)

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Land | \$ 16,184,221 | \$ 16,184,221 | \$ 220,976 | \$ 220,976 | \$ 16,405,197 | \$ 16,405,197 |
| Utility system | - | - | 31,380,773 | 33,028,239 | 31,380,773 | 33,028,239 |
| Buildings | 14,824,743 | 15,838,258 | 3,825,174 | 4,073,323 | 18,649,917 | 19,911,581 |
| Equipment | 1,531,555 | 1,140,406 | 1,510,561 | 1,270,513 | 3,042,116 | 2,410,919 |
| Infrastructure | 17,258,505 | 18,226,839 | | | 17,258,505 | 18,226,839 |
| Construction-in-progress | 1,193,201 | 457,878 | 2,414,855 | 2,097,833 | 3,608,056 | 2,555,711 |
| | <u>\$ 50,992,225</u> | <u>\$ 51,847,602</u> | <u>\$ 39,352,339</u> | <u>\$ 40,690,884</u> | <u>\$ 90,344,564</u> | <u>\$ 92,538,486</u> |

Additional information on the City's capital assets can be found in the Note 6 in the footnotes section of this report.

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CITY OF DANIA BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016

Long-Term Debt

As of September 30, 2016, the City had a total outstanding debt of approximately \$30.9m (excluding compensated absences). This debt consists of bonds, notes, and capital leases payable that are secured by non ad-valorem revenues or through covenants to budget and appropriation, and general obligation bonds secured by ad-valorem revenues.

The City's debt total decreased by a net amount of \$1.8m during 2016 comprised of a \$.7m decrease in governmental debt and a decrease in business activity of \$1.1m. Additional information on the City's debt and other long-term liabilities can be found in the Note 7 in the footnote section of this report.

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Sales tax bonds | \$ 1,150,000 | \$ 1,305,000 | \$ - | \$ - | \$ 1,150,000 | \$ 1,305,000 |
| General obligation bonds | 8,260,773 | 8,375,773 | - | - | 8,260,773 | 8,375,773 |
| Notes | 5,069,234 | 5,243,729 | 2,080,000 | 2,205,000 | 7,149,234 | 7,448,729 |
| Capital leases | 847,216 | 1,036,775 | - | - | 847,216 | 1,036,775 |
| State revolving loan | - | - | 13,532,157 | 14,547,370 | 13,532,157 | 14,547,370 |
| Bond Premium | 13,092 | 13,782 | - | - | 13,092 | 13,782 |
| Compensated absences | 1,079,278 | 942,363 | 362,186 | 312,075 | 1,441,464 | 1,254,438 |
| | <u>\$ 16,419,593</u> | <u>\$ 16,917,422</u> | <u>\$ 15,974,343</u> | <u>\$ 17,064,445</u> | <u>\$ 32,393,936</u> | <u>\$ 33,981,867</u> |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City has begun to experience a steady growth in building activity that should translate into improved annual tax revenue in coming years. The City has also noted significant business expansion in its marina and boat works industries over the past year along with re-development and expansion plans of gaming operations at the Dania Jai Alai pari-mutuel which re-opened in 2016. Business development in the downtown City Center area continues to be pursued as improvement in the South Florida real estate market continues. Initial development plans for a commercial hotel and restaurant started in 2016. Additionally, there is a significant redevelopment project (Dania Pointe) which will feature both residential and commercial (shops and restaurants) development adjacent to I-95 which is expected to be completed in the next few years with the first phase opening late in 2017.

Towards the end of fiscal year ended 2013, the City renegotiated its repayment of County economic development loans made to the CRA, deferring the repayment time-line and expanding the initial 5-year term for increasing the tax-base by adding 3 more years. Thus, the initial measurement period for repayment of the County's \$5 million loan has been extended from March 2014 to March 2017; with loan payment due 12 months later. This revised measurement period gives the CRA additional time to achieve development and increased tax base benchmarks that would convert annual County loan repayments into a County grant award.

The City's continuing investment in economic development, branding and marketing efforts coupled with its proximity to attractive amenities and transportation hubs are expected to improve the long-range tax base in future years. Developing a strategic view and a comprehensive structure for the City's economic development goals, efforts, and annual expenditures will aide in becoming more focused on planning, budgeting and measuring economic benefits stemming from this investment of City funds.

The nearby Jai Alai fronton has been redeveloped and is now open again and offers a future economic opportunity to the City as interest in limited South Florida gaming continues its public vetting. In the prior year, plans were developed to direct accumulated surplus from Beach-area restaurant and parking activities to conduct a refurbishment of the beach dunes as first, necessary safety step of a Beach master-plan. After the initial dune restoration, other parts of the Beach master plan may seek annual funding from the surplus revenues generated beach activities, thus phasing in beach improvements over the course of coming years.

CITY OF DANIA BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016

Business and property redevelopment efforts will help maintain the City's financial stability as local and State economies continue to strengthen. After substantial City investments in beautification, recreation and business economic incentives over the past several years, a prudent and more focused monitoring of economic development costs and rewards may aide the City in maintaining its financial condition. Balancing on-going revenue resources with the City's on-going levels of service delivery costs will be challenged in coming years primarily in four areas: 1) loan repayment costs and limiting additional debt, 2) retirement funding costs, 3) public safety contractual costs, and 4) worker and retiree health care costs. Without a meaningful and sustained increase in annual City revenue resources, it may be helpful to develop a framework for discussions about establishing priorities, the cost of resources, and annual allocation of available funds among service delivery areas. Annual pension contributions in addition to the increased contractual cost of public safety services provided by the Broward Sheriff's Office (BSO), the City will likely face a growing need for additional increased funds during the next year or so if other City service levels are maintained. The City's successful effort to bid, share costs, and better control annual employee health costs will be a significant help in controlling costs in the coming years.

The City has considered and continued to approve a large number of large capital projects over the past several years. These have included US-1 landscaping, several park and neighborhood "oasis" projects; and the City Marina renovation completed in 2015. Current projects underway include a beach revitalization project, water plant upgrades and various infrastructure projects. Capital projects bring with them a notable and growing cost for annual upkeep that call for staff, equipment, annual operating costs to properly maintain in coming years. Generally, projects are being planned and carried out while seeking some combination of grant awards and/or loan financing; allowing the use of accumulated City cash as a final, cautious resource. When possible, the City places high priority on projects with grant awards, moderate priority on loan financing projects, and the most cautious priority on projects paid entirely by accumulated funds. As projects are completed; loans have caused levels of annual City debt to rise further in 2017 and years to come. In lieu of this, the City has actively sought to refinance existing loans to minimize City-wide debt. Continued use of accumulated cash balances for unplanned and unbudgeted capital projects should be discouraged and routed back to the City annual approved budget plan to preserve the City's financial condition and maintain reasonable user fees.

The County approved the establishment of a Community Redevelopment Agency (CRA) for the City of Dania Beach. The original CRA area was expanded in 2010 to include a much larger area. This is not a traditional CRA in that the City will not be able to obtain property tax increment revenue derived from the increase of the property values in the CRA area. Rather than tax increment financing, the County provided a five year interest free loans of more than \$ 5m (recently re-negotiated providing three additional interest free years) for projects to improve the taxable property base within the CRA area. The funds were used for construction of a four (4) - level parking garage adjacent to City Hall and County Library in the downtown "City Center" area. The County loan agreement allows conversion of the annual repayments into a grant provided increased property values are achieved through use of these funds in a timely manner. Repayment of this loan will begin in FY'18 if increased property values are not achieved by March, 2017. Annual funding includes \$1m in direct spending plus additional funds to allow the CRA to pay for annual administrative support costs.

The economy is expected to continue a steady recovery in City property values during the next year. Improvement with expanded business development and a growing property tax base resulted in a slight increase in property values in 2014, 2015, 2016 and continue in to 2017. A cautious approach to additional City infrastructure improvements is warranted to ensure funds are generally being used from annual recurring resources without depleting unassigned fund balance. Examining funding levels for annual economic development initiatives, capital improvements and a general but prudent fiscal restraint in discretionary costs will aide Dania Beach in maintaining a stable financial position in coming years.

CITY OF DANIA BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2016

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability. Questions concerning any information provided in this report or requests for additional information should be addressed to the Finance Department, 100 West Dania Beach Boulevard, Dania Beach, FL 33004.

BASIC FINANCIAL STATEMENTS

These basic financial statements provide a summary overview of financial position of all funds, the operating results of all funds and the cash flows of proprietary funds. They also serve as an introduction to the more detailed statements and schedules that follow in the next section.

CITY OF DANIA BEACH, FLORIDA
STATEMENT OF NET POSITION
September 30, 2016

| | Governmental Activities | Business- Type Activities | Total |
|---|----------------------------|---------------------------------|----------------------|
| ASSETS: | | | |
| Cash, cash equivalents and investments | \$ 33,188,742 | \$ 23,323,358 | \$ 56,512,100 |
| Receivables: | | | |
| Franchise, utility and other taxes | 826,473 | 78,333 | 904,806 |
| Customer / other, net | 253,684 | 1,627,084 | 1,880,768 |
| Internal balances | 305,133 | (305,133) | - |
| Due from other governmental agencies | 1,141,290 | 34,538 | 1,175,828 |
| Inventories | 18,009 | 71,017 | 89,026 |
| Prepaid expenses | 11,490 | - | 11,490 |
| Property held for resale | 90,199 | - | 90,199 |
| Net OPEB asset | 1,272,020 | - | 1,272,020 |
| Restricted cash, cash equivalents and investments | 1,429,278 | 3,026,451 | 4,455,729 |
| Capital assets not being depreciated | 17,377,422 | 2,635,831 | 20,013,253 |
| Capital assets being depreciated, net | 33,614,803 | 36,716,508 | 70,331,311 |
| Total assets | <u>89,528,543</u> | <u>67,207,987</u> | <u>156,736,530</u> |
| DEFERRED OUTFLOWS | | | |
| Pensions | 12,711,885 | 1,738,912 | 14,450,797 |
| Total deferred outflows | <u>12,711,885</u> | <u>1,738,912</u> | <u>14,450,797</u> |
| LIABILITIES: | | | |
| Accounts payable and accrued liabilities | 1,333,745 | 889,351 | 2,223,096 |
| Accrued interest payable | 237,183 | 122,569 | 359,752 |
| Due to other governmental agencies | 197,577 | 11,953 | 209,530 |
| Deposits | 385,110 | 410,606 | 795,716 |
| Other liabilities | - | 73,040 | 73,040 |
| Non-current liabilities: | | | |
| Due within one year: | | | |
| Compensated absences | 161,892 | 54,328 | 216,220 |
| Current portion of long-term debt | 634,066 | 988,729 | 1,622,795 |
| Due in more than one year: | | | |
| Compensated absences | 917,386 | 307,858 | 1,225,244 |
| Long-term debt | 14,706,249 | 14,897,218 | 29,603,467 |
| Net pension liability | 37,185,601 | 4,067,221 | 41,252,822 |
| Total liabilities | <u>55,758,809</u> | <u>21,822,873</u> | <u>77,581,682</u> |
| DEFERRED INFLOWS | | | |
| Revenues | 799,166 | 78,322 | 877,488 |
| Pensions | 191,532 | 24,371 | 215,903 |
| Total deferred inflows | <u>990,698</u> | <u>102,693</u> | <u>1,093,391</u> |
| NET POSITION | | | |
| Net investment in capital assets | 35,651,910 | 23,740,182 | 59,392,092 |
| Restricted: | | | |
| Impact fees: | | | |
| Water and sewer | - | 1,316,011 | 1,316,011 |
| General government | 94,374 | - | 94,374 |
| Recreation | 46,850 | - | 46,850 |
| Public safety | 620,488 | - | 620,488 |
| Building code costs | 1,348,809 | - | 1,348,809 |
| Debt service | 650,690 | 711,736 | 1,362,426 |
| Unrestricted | 7,077,800 | 21,253,404 | 28,331,204 |
| Total net position | <u>\$ 45,490,921</u> | <u>\$ 47,021,333</u> | <u>\$ 92,512,254</u> |

See Notes to the Basic Financial Statements

CITY OF DANIA BEACH, FLORIDA
Statement of Activities
Year Ended September 30, 2016

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Primary government: | | | | | | | |
| General government | \$ 6,337,517 | \$ 3,370,035 | \$ - | \$ - | \$ (2,967,482) | \$ - | \$ (2,967,482) |
| Public safety | 28,314,440 | 7,314,079 | 395,138 | - | (20,605,223) | - | (20,605,223) |
| Highways and streets | 3,346,142 | 2,998 | - | 136,075 | (3,207,069) | - | (3,207,069) |
| Physical environment | 3,915,075 | 2,512,473 | - | - | (1,402,602) | - | (1,402,602) |
| Community redevelopment | 3,928,473 | 57,120 | - | - | (3,871,353) | - | (3,871,353) |
| Culture and recreation | 3,934,643 | 164,541 | - | - | (3,770,102) | - | (3,770,102) |
| Interest on long-term debt | 317,545 | - | - | - | (317,545) | - | (317,545) |
| Total governmental activities | 50,093,835 | 13,421,246 | 395,138 | 136,075 | (36,141,376) | - | (36,141,376) |
| Business-type activities: | | | | | | | |
| Water | 4,138,087 | 5,550,941 | - | - | - | 1,412,854 | 1,412,854 |
| Sewer | 4,561,554 | 6,651,066 | - | - | - | 2,089,512 | 2,089,512 |
| Stormwater | 1,052,413 | 1,949,987 | - | - | - | 897,574 | 897,574 |
| Marina | 827,467 | 861,501 | - | - | - | 34,034 | 34,034 |
| Parking | 573,544 | 1,378,063 | - | - | - | 804,519 | 804,519 |
| Pier operations | 463,596 | 268,694 | - | - | - | (194,902) | (194,902) |
| Total business-type activities | 11,616,661 | 16,660,252 | - | - | - | 5,043,591 | 5,043,591 |
| Total primary government | \$ 61,710,496 | \$ 30,081,498 | \$ 395,138 | \$ 136,075 | (36,141,376) | 5,043,591 | (31,097,785) |
| General revenues: | | | | | | | |
| Property taxes | | | | | 17,835,092 | - | 17,835,092 |
| Franchise fees based on gross receipts | | | | | 2,571,950 | - | 2,571,950 |
| Utility taxes | | | | | 3,627,385 | - | 3,627,385 |
| Unrestricted intergovernmental revenue | | | | | 5,428,609 | - | 5,428,609 |
| Unrestricted investment earnings | | | | | 253,495 | 67,555 | 321,050 |
| Miscellaneous | | | | | 2,987,140 | 573,819 | 3,560,959 |
| Transfers | | | | | 3,380,840 | (3,380,840) | - |
| Total general revenues, special item and transfers | | | | | 36,084,511 | (2,739,466) | 33,345,045 |
| Change in net position | | | | | (56,865) | 2,304,125 | 2,247,260 |
| Net position - beginning | | | | | 45,254,399 | 45,010,595 | 90,264,994 |
| Prior period adjustment | | | | | 293,387 | (293,387) | - |
| Net Position - beginning (restated) | | | | | 45,547,786 | 44,717,208 | 90,264,994 |
| Net position - ending | | | | | <u>\$ 45,490,921</u> | <u>\$ 47,021,333</u> | <u>\$ 92,512,254</u> |

See Notes to the Basic Financial Statements

CITY OF DANIA BEACH, FLORIDA
BALANCE SHEET -
GOVERNMENTAL FUNDS
September 30, 2016

| | | Special Revenue Funds | |
|---|----------------------|-----------------------|--------------------------------------|
| | General | Grants | Community Redevelopment Agency |
| ASSETS: | | | |
| Current assets | | | |
| Cash, cash equivalents and investments | \$ 21,156,224 | \$ 3,145,228 | \$ 1,725,988 |
| Receivables, net | | | |
| Franchise, utility and other taxes | 843,133 | - | - |
| Customer / other, net | 228,074 | - | 8,500 |
| Due from other funds | 5,772,133 | - | - |
| Due from other governmental agencies | 1,092,374 | 48,916 | - |
| Inventories | 18,009 | - | - |
| Prepays | 11,490 | - | - |
| Property held for sale | 90,199 | - | - |
| Restricted assets: | | | |
| Restricted cash, cash equivalents and investments | 541,405 | - | - |
| Total assets | <u>\$ 29,753,041</u> | <u>\$ 3,194,144</u> | <u>\$ 1,734,488</u> |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES: | | | |
| Liabilities | | | |
| Accounts payable and accrued liabilities | \$ 691,209 | \$ - | \$ 24,927 |
| Due to other funds | 1,029,599 | 3,305,354 | 1,129,391 |
| Due to other governmental agencies | 156,962 | - | - |
| Deposits | 384,985 | - | 125 |
| Total liabilities | <u>2,262,755</u> | <u>3,305,354</u> | <u>1,154,443</u> |
| Deferred inflows of resources | | | |
| Business tax receipts | 484,609 | - | - |
| Rental receipts | 66,375 | - | - |
| Other receipts | 248,182 | - | - |
| Total deferred inflows of resources | <u>799,166</u> | <u>-</u> | <u>-</u> |
| Fund balance | | | |
| Nonspendable | | | |
| Inventories | 18,009 | - | - |
| Prepaid expenditures | 11,490 | - | - |
| Restricted | | | |
| General government - Impact fees | 94,374 | - | - |
| Recreational impact fees | 46,850 | - | - |
| Public safety | 400,181 | - | - |
| Building code costs | - | - | - |
| Debt service | - | - | - |
| Committed for: | | | |
| Community redevelopment | 397,856 | - | 580,045 |
| Maintenance of cemeteries | - | - | - |
| Capital projects | - | - | - |
| Tree preservation | - | - | - |
| Assigned to: | | | |
| Disaster recovery | 1,869,461 | - | - |
| Firefighter's pension | 377,115 | - | - |
| Unassigned (deficit) | 23,475,784 | (111,210) | - |
| Total fund balances (deficit) | <u>26,691,120</u> | <u>(111,210)</u> | <u>580,045</u> |
| Total liabilities, deferred inflows, and fund balances | <u>\$ 29,753,041</u> | <u>\$ 3,194,144</u> | <u>\$ 1,734,488</u> |

See Notes to the Basic Financial Statements

| Debt Service Fund | Capital Projects | Other Non Major Governmental Funds | Total Governmental Funds |
|----------------------|---------------------|---|--------------------------------|
| \$ - | \$ 4,360,631 | \$ 2,800,671 | \$ 33,188,742 |
| - | - | - | 843,133 |
| - | - | 450 | 237,024 |
| - | - | - | 5,772,133 |
| - | - | - | 1,141,290 |
| - | - | - | 18,009 |
| - | - | - | 11,490 |
| - | - | - | 90,199 |
| 887,873 | - | - | 1,429,278 |
| <u>\$ 887,873</u> | <u>\$ 4,360,631</u> | <u>\$ 2,801,121</u> | <u>\$ 42,731,298</u> |
| \$ - | \$ 254,234 | \$ 363,375 | \$ 1,333,745 |
| - | - | 2,656 | 5,467,000 |
| - | - | 40,615 | 197,577 |
| - | - | - | 385,110 |
| <u>-</u> | <u>254,234</u> | <u>406,646</u> | <u>7,383,432</u> |
| - | - | - | 484,609 |
| - | - | - | 66,375 |
| - | - | - | 248,182 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>799,166</u> |
| - | - | - | 18,009 |
| - | - | - | 11,490 |
| - | - | - | 94,374 |
| - | - | - | 46,850 |
| - | - | 220,307 | 620,488 |
| - | - | 1,348,809 | 1,348,809 |
| 887,873 | - | - | 887,873 |
| - | - | - | 977,901 |
| - | - | 543,621 | 543,621 |
| - | 4,106,397 | 23,910 | 4,130,307 |
| - | - | 325,609 | 325,609 |
| - | - | - | 1,869,461 |
| - | - | - | 377,115 |
| - | - | (67,781) | 23,296,793 |
| <u>887,873</u> | <u>4,106,397</u> | <u>2,394,475</u> | <u>34,548,700</u> |
| <u>\$ 887,873</u> | <u>\$ 4,360,631</u> | <u>\$ 2,801,121</u> | <u>\$ 42,731,298</u> |

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CITY OF DANIA BEACH, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2016

| | | |
|--|------------------|----------------------|
| FUND BALANCES - TOTAL GOVERNMENTAL FUNDS | | \$ 34,548,700 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources, and therefore are not reported in the governmental funds | | 50,992,225 |
| Other assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds. | | |
| Deferred outflows-pension related | 12,711,885 | |
| Net OPEB asset | <u>1,272,020</u> | 13,983,905 |
| Interest payable, not reported in the government funds | | (237,183) |
| Long-term liabilities are not due and payable in the current period and therefore, are not reported at the fund level | | |
| Long term debt including bonds, notes and capital leases | | |
| Lease obligations | 15,340,315 | |
| Deferred inflows-pension related | 191,532 | |
| Net pension liability | 37,185,601 | |
| Compensated absences | <u>1,079,278</u> | <u>(53,796,726)</u> |
| NET POSITION OF GOVERNMENTAL ACTIVITIES | | <u>\$ 45,490,921</u> |

See Notes to the Basic Financial Statements

CITY OF DANIA BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2016

| | Special Revenue Funds | | |
|--|-----------------------|---------------------|--------------------------------------|
| | General Fund | Grants | Community Redevelopment Agency |
| REVENUES | | | |
| Property taxes | \$ 17,835,092 | \$ - | \$ - |
| Special assessments | 5,821,427 | - | - |
| Franchise fees | 2,571,950 | - | - |
| Utility taxes | 3,627,385 | - | - |
| Licenses and permits | 1,188,054 | - | 50,620 |
| Intergovernmental | 5,428,609 | - | - |
| Charges for Services | 4,188,086 | - | - |
| Fines and forfeitures | 463,642 | - | - |
| Investment earnings (loss) | 230,963 | - | 9,284 |
| Grants | - | 531,213 | - |
| Miscellaneous | 2,203,499 | - | 117,240 |
| Total revenues | <u>43,558,707</u> | <u>531,213</u> | <u>177,144</u> |
| EXPENDITURES | | | |
| General government | 6,347,197 | - | - |
| Public safety | 27,473,950 | 395,138 | - |
| Debt service | | | |
| Highways and streets | 2,094,086 | 141,075 | - |
| Physical environment | 4,689,865 | - | - |
| Community redevelopment | 650,565 | - | 1,056,138 |
| Culture and recreation | 2,737,957 | - | - |
| Principal | - | - | - |
| Interest | - | - | - |
| Total expenditures | <u>43,993,620</u> | <u>536,213</u> | <u>1,056,138</u> |
| Excess (Deficiency) of revenues over (under) expenditures | <u>(434,913)</u> | <u>(5,000)</u> | <u>(878,994)</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Proceeds from issuance of long-term debt | - | - | - |
| Transfers in | 5,370,889 | - | 1,319,170 |
| Transfers out | (3,839,961) | (17,412) | (429,170) |
| Total other financing sources (uses) | <u>1,530,928</u> | <u>(17,412)</u> | <u>890,000</u> |
| Net Change in Fund Balances | 1,096,015 | (22,412) | 11,006 |
| FUND BALANCES (DEFICIT) BEGINNING OF YEAR | 24,173,573 | (88,798) | 1,697,182 |
| Prior Period Adjustment | <u>1,421,532</u> | <u>-</u> | <u>(1,128,143)</u> |
| FUND BALANCE (DEFICIT), restated | <u>25,595,105</u> | <u>(88,798)</u> | <u>569,039</u> |
| FUND BALANCES (DEFICIT) END OF YEAR | <u>\$ 26,691,120</u> | <u>\$ (111,210)</u> | <u>\$ 580,045</u> |

See Notes to the Basic Financial Statements.

| Debt Service Fund | Capital Projects | Other Non Major Governmental Funds | Total Governmental Funds |
|----------------------|---------------------|---|--------------------------------|
| \$ - | \$ - | \$ - | \$ 17,835,092 |
| - | - | - | 5,821,427 |
| - | - | - | 2,571,950 |
| - | - | - | 3,627,385 |
| - | - | 2,141,559 | 3,380,233 |
| - | - | - | 5,428,609 |
| - | - | 31,500 | 4,219,586 |
| - | - | 49,041 | 512,683 |
| 100 | - | 13,148 | 253,495 |
| - | - | - | 531,213 |
| 494 | - | 153,224 | 2,474,457 |
| 594 | - | 2,388,472 | 46,656,130 |
| 2,899,909 | 15,000 | - | 9,262,106 |
| - | 172,876 | 45,182 | 28,087,146 |
| - | 389,388 | 60,337 | 2,684,886 |
| - | - | - | 4,689,865 |
| - | - | 2,047,975 | 3,754,678 |
| - | 686,818 | - | 3,424,775 |
| 659,064 | - | - | 659,064 |
| 181,798 | - | - | 181,798 |
| 3,740,771 | 1,264,082 | 2,153,494 | 52,744,318 |
| (3,740,177) | (1,264,082) | 234,978 | (6,088,188) |
| 2,881,909 | - | - | 2,881,909 |
| 1,269,351 | 1,340,000 | - | 9,299,410 |
| - | (1,094,040) | (537,987) | (5,918,570) |
| 4,151,260 | 245,960 | (537,987) | 6,262,749 |
| 411,083 | (1,018,122) | (303,009) | 174,561 |
| 476,790 | 5,124,519 | 2,697,484 | 34,080,750 |
| - | - | - | 293,389 |
| 476,790 | 5,124,519 | 2,697,484 | 34,374,139 |
| \$ 887,873 | \$ 4,106,397 | \$ 2,394,475 | \$ 34,548,700 |

CITY OF DANIA BEACH, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2016

| | |
|---|--------------------|
| NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS | \$ 174,561 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Capital outlays, reported as expenditures in governmental funds, are shown as capital assets in the statement of net position. | 2,350,549 |
| Provision for depreciation on governmental capital assets is included in the governmental activities in the statement of net position. | (3,205,925) |
| Pension contributions are reported as expenditures in the government funds and recorded as deferred outflows on the statement of net position | 334,362 |
| Principal payments and refundings on long-term debt are reported as expenditures governmental funds, but as a reduction of long-term liabilities in the statement of net position. | 3,454,054 |
| Debt proceeds are reported as other financing sources in governmental funds, but as an increase in long term liabilities in the statement of net position | (2,820,000) |
| Certain items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds: | |
| Provision for amortization of bond premium | 690 |
| Change in OPEB asset | (71,471) |
| Change in accrued interest | (136,770) |
| Change in compensated absences | (136,915) |
| | (344,466) |
| Change in net position - Governmental Activities | \$ <u>(56,865)</u> |

See Notes to the Basic Financial Statements.

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CITY OF DANIA BEACH, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2016

| | Business Type Activities - Enterprise Funds | | |
|---|---|----------------------|----------------------|
| | Water | Sewer | Stormwater |
| ASSETS: | | | |
| Current Assets: | | | |
| Cash, cash equivalents and investments | \$ 6,798,456 | \$ 8,913,664 | \$ 4,613,149 |
| Receivables, net | 786,340 | 861,963 | - |
| Due from other governments | 6,519 | - | - |
| Prepays and other assets | 39,789 | 4,768 | 26,460 |
| Total current assets | <u>7,631,104</u> | <u>9,780,395</u> | <u>4,639,609</u> |
| Noncurrent assets: | | | |
| Restricted cash, cash equivalents and investments | 1,751,116 | 1,235,404 | 39,931 |
| Capital assets not being depreciated | 348,078 | - | 2,287,753 |
| Capital assets being depreciated, net | 18,382,107 | 5,547,329 | 5,928,587 |
| Total noncurrent assets | <u>20,481,301</u> | <u>6,782,733</u> | <u>8,256,271</u> |
| Total assets | <u>28,112,405</u> | <u>16,563,128</u> | <u>12,895,880</u> |
| DEFERRED OUTFLOWS | | | |
| Pensions | 885,814 | 392,134 | 287,310 |
| Total deferred outflows | <u>885,814</u> | <u>392,134</u> | <u>287,310</u> |
| LIABILITIES AND NET POSITION: | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | 142,434 | 639,571 | 59,973 |
| Accrued interest payable | 77,852 | 9,764 | 2,444 |
| Due to other funds | 6,656 | 1,672 | 2,479 |
| Due to other governmental agencies | 6,519 | - | - |
| Deposits payable | 398,796 | - | - |
| Other liabilities | 67,422 | 5,618 | - |
| Compensated absences-current | 31,187 | 8,763 | 10,350 |
| Current maturities of long term debt | 685,755 | 149,878 | 23,096 |
| Total current liabilities | <u>1,416,621</u> | <u>815,266</u> | <u>98,342</u> |
| Noncurrent liabilities: | | | |
| Compensated absences | 176,728 | 49,656 | 58,648 |
| Loans payable - noncurrent | 9,312,540 | 2,341,397 | 1,019,491 |
| Net pension liability | 2,072,665 | 966,494 | 673,372 |
| Total noncurrent liabilities | <u>11,561,933</u> | <u>3,357,547</u> | <u>1,751,511</u> |
| Total liabilities | <u>12,978,554</u> | <u>4,172,813</u> | <u>1,849,853</u> |
| DEFERRED INFLOWS | | | |
| Revenues | 71,102 | - | - |
| Pensions | 12,349 | 1,385 | 3,913 |
| Total deferred inflows | <u>83,451</u> | <u>1,385</u> | <u>3,913</u> |
| NET POSITION: | | | |
| Net investment in capital assets | 8,731,890 | 3,056,054 | 7,173,753 |
| Restricted | | | |
| Debt service | 552,521 | 119,284 | 39,931 |
| Impact fees | 991,142 | 324,869 | - |
| Unrestricted | 5,660,661 | 9,280,857 | 4,115,740 |
| Total net position | <u>\$ 15,936,214</u> | <u>\$ 12,781,064</u> | <u>\$ 11,329,424</u> |

See Notes to the Basic Financial Statements

Business Type Activities - Enterprise
Funds

| Marina | Nonmajor Enterprise Funds | Total Enterprise Funds |
|--------------|---------------------------------|------------------------------|
| \$ 275,445 | \$ 2,722,644 | \$ 23,323,358 |
| 57,114 | - | 1,705,417 |
| - | 28,019 | 34,538 |
| - | - | 71,017 |
| 332,559 | 2,750,663 | 25,134,330 |
| - | - | 3,026,451 |
| - | - | 2,635,831 |
| 6,732,109 | 126,376 | 36,716,508 |
| 6,732,109 | 126,376 | 42,378,790 |
| 7,064,668 | 2,877,039 | 67,513,120 |
| - | 173,654 | 1,738,912 |
| - | 173,654 | 1,738,912 |
| 9,088 | 38,285 | 889,351 |
| 32,509 | - | 122,569 |
| 293,389 | 937 | 305,133 |
| 3,363 | 275,861 | 285,743 |
| 2,720 | 9,090 | 410,606 |
| - | - | 73,040 |
| - | 4,028 | 54,328 |
| 130,000 | - | 988,729 |
| 471,069 | 328,201 | 3,129,499 |
| - | 22,826 | 307,858 |
| 1,950,000 | - | 14,623,428 |
| - | 354,690 | 4,067,221 |
| 1,950,000 | 377,516 | 18,998,507 |
| 2,421,069 | 705,717 | 22,128,006 |
| 895 | 6,325 | 78,322 |
| - | 6,724 | 24,371 |
| 895 | 13,049 | 102,693 |
| 4,652,109 | 126,376 | 23,740,182 |
| - | - | 711,736 |
| - | - | 1,316,011 |
| (9,405) | 2,205,551 | 21,253,404 |
| \$ 4,642,704 | \$ 2,331,927 | \$ 47,021,333 |

CITY OF DANIA BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year September 30, 2016

| | Business Type Activities - Enterprise Funds | | |
|--|---|----------------------|----------------------|
| | Water | Sewer | Stormwater |
| OPERATING REVENUES: | | | |
| Charges for services | \$ 5,436,608 | \$ 6,605,268 | \$ 1,931,420 |
| Fines and forfeitures | - | - | - |
| Miscellaneous | 164,983 | 45,811 | 18,594 |
| Total operating revenues | <u>5,601,591</u> | <u>6,651,079</u> | <u>1,950,014</u> |
| OPERATING EXPENSES: | | | |
| Operations and maintenance | 2,697,728 | 4,123,614 | 749,566 |
| Depreciation | 1,170,491 | 380,482 | 256,287 |
| Total operating expenses | <u>3,868,219</u> | <u>4,504,096</u> | <u>1,005,853</u> |
| Operating income (loss) | <u>1,733,372</u> | <u>2,146,983</u> | <u>944,161</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | |
| Interest income | - | 47,328 | 20,227 |
| Interest (expense) | (269,868) | (57,458) | (46,560) |
| Total non-operating revenues (expenses) before transfers | <u>(269,868)</u> | <u>(10,130)</u> | <u>(26,333)</u> |
| Income (loss) before transfers | 1,463,504 | 2,136,853 | 917,828 |
| TRANSFERS: | | | |
| Transfers out | (1,338,705) | (799,649) | (422,429) |
| Total transfers | <u>(1,338,705)</u> | <u>(799,649)</u> | <u>(422,429)</u> |
| Change in net position | 124,799 | 1,337,204 | 495,399 |
| NET POSITION, beginning of year | 15,811,415 | 11,443,860 | 10,834,025 |
| Prior Period Adjustment | - | - | - |
| NET POSITION, restated, beginning of year | <u>15,811,415</u> | <u>11,443,860</u> | <u>10,834,025</u> |
| NET POSITION, end of year | <u>\$ 15,936,214</u> | <u>\$ 12,781,064</u> | <u>\$ 11,329,424</u> |

See Notes to the Basic Financial Statements

Business Type Activities - Enterprise
Funds

| Marina | Nonmajor Funds | Totals |
|---------------------|---------------------|----------------------|
| \$ 861,501 | \$ 1,646,757 | \$ 16,481,554 |
| - | 307,004 | 307,004 |
| 8,064 | 208,061 | 445,513 |
| <u>869,565</u> | <u>2,161,822</u> | <u>17,234,071</u> |
| 410,687 | 1,016,280 | 8,997,875 |
| 345,674 | 20,860 | 2,173,794 |
| <u>756,361</u> | <u>1,037,140</u> | <u>11,171,669</u> |
| 113,204 | 1,124,682 | 6,062,402 |
| - | - | 67,555 |
| <u>(71,106)</u> | <u>-</u> | <u>(444,992)</u> |
| (71,106) | - | (377,437) |
| 42,098 | 1,124,682 | 5,684,965 |
| <u>(107,480)</u> | <u>(712,577)</u> | <u>(3,380,840)</u> |
| <u>(107,480)</u> | <u>(712,577)</u> | <u>(3,380,840)</u> |
| (65,382) | 412,105 | 2,304,125 |
| 5,001,473 | 1,919,822 | 45,010,595 |
| <u>(293,387)</u> | <u>-</u> | <u>(293,387)</u> |
| 4,708,086 | 1,919,822 | 44,717,208 |
| <u>\$ 4,642,704</u> | <u>\$ 2,331,927</u> | <u>\$ 47,021,333</u> |

CITY OF DANIA BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2016

| | Business-Type Activities | | | | Non-Major Funds | Totals |
|---|--------------------------|---------------|--------------|------------|--------------------|---------------|
| | Water | Sewer | Stormwater | Marina | | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | |
| Receipts from customers and users | \$ 5,705,234 | \$ 6,748,138 | \$ 1,950,014 | \$ 855,777 | \$ 2,170,882 | \$ 17,430,045 |
| Payments to employees | (1,666,538) | (501,564) | (608,633) | - | (353,054) | (3,129,789) |
| Payments to suppliers | (1,160,913) | (3,754,602) | (161,963) | (475,637) | (661,652) | (6,214,767) |
| Net cash provided by operating activities | 2,877,783 | 2,491,972 | 1,179,418 | 380,140 | 1,156,176 | 8,085,489 |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | | | | | |
| Cash provided by (to) other funds | (1,346,825) | (802,293) | 475,525 | (107,959) | (726,045) | (2,507,597) |
| Net cash provided by (used in) non-capital financing activities | (1,346,825) | (802,293) | 475,525 | (107,959) | (726,045) | (2,507,597) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | | |
| Purchase of capital assets | (127,102) | (87,096) | (621,055) | - | - | (835,253) |
| Proceeds from long term debt | - | 14,498 | 20,000 | - | - | 34,498 |
| Principal paid on long-term debt | (685,754) | (164,375) | (199,583) | (125,000) | - | (1,174,712) |
| Interest paid on long term debt | (275,154) | (57,568) | (46,984) | (73,058) | - | (452,764) |
| Net cash provided by (used in) capital and related financing activities | (1,088,010) | (294,541) | (847,622) | (198,058) | - | (2,428,231) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | |
| Investment earnings | - | 47,328 | 20,227 | - | - | 67,555 |
| Net cash provided by investing activities | - | 47,328 | 20,227 | - | - | 67,555 |
| Net increase (decrease) in cash and cash equivalents | 442,948 | 1,442,466 | 827,548 | 74,123 | 430,131 | 3,217,216 |
| CASH AND CASH EQUIVALENTS, beginning of year | 8,106,624 | 8,706,602 | 3,825,532 | 201,322 | 2,292,513 | 23,132,593 |
| CASH AND CASH EQUIVALENTS, end of year | \$ 8,106,624 | \$ 8,706,602 | \$ 3,825,532 | \$ 201,322 | \$ 2,292,513 | \$ 26,349,809 |
| RECONCILIATION TO STATEMENT OF NET POSITION: | | | | | | |
| Cash and cash equivalents | \$ 6,798,456 | \$ 8,913,664 | \$ 4,613,149 | \$ 275,445 | \$ 2,722,644 | \$ 23,323,358 |
| Restricted cash and cash equivalents | 1,751,116 | 1,235,404 | 39,931 | - | - | 3,026,451 |
| Cash and cash equivalents, end of year | \$ 8,549,572 | \$ 10,149,068 | \$ 4,653,080 | \$ 275,445 | \$ 2,722,644 | \$ 26,349,809 |

See Notes to the Basic Financial Statements.

CITY OF DANIA BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2016
(continued)

| | Business-Type Activities | | | | Non-Major Funds | Totals |
|--|--------------------------|---------------------|---------------------|-------------------|---------------------|---------------------|
| | Water | Sewer | Stormwater | Marina | | |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES: | | | | | | |
| Operating income | \$ 1,733,372 | \$ 2,146,983 | \$ 944,161 | \$ 113,204 | \$ 1,124,682 | \$ 6,062,402 |
| Adjustments to reconcile operating income to net cash provided by (used in) operating activities: | | | | | | |
| Provision for allowance for doubtful accounts | 4,403 | 4,009 | - | - | - | 8,412 |
| Provision for depreciation | 1,170,492 | 380,482 | 256,287 | 345,675 | 20,861 | 2,173,797 |
| (Increase) decrease in: | | | | | | |
| Receivables | 41,050 | 93,050 | - | (12,148) | - | 121,952 |
| Prepays and other assets | (10,251) | (1,770) | (21,100) | - | - | (33,121) |
| Deferred outflows | (447,939) | (208,750) | (145,526) | - | (76,788) | (879,003) |
| Increase (decrease) in: | | | | | | |
| Accounts payable and accrued liabilities | (46,146) | (61,808) | 14,209 | (64,951) | (33,355) | (192,051) |
| Deposits | 58,190 | - | - | (1,640) | 9,060 | 65,610 |
| Other liabilities | (14,427) | 578 | - | - | - | (13,849) |
| Deferred inflows | (45,599) | (5,122) | (14,446) | - | (22,987) | (88,154) |
| Net pension liability | 411,557 | 136,081 | 132,437 | - | 129,307 | 809,382 |
| Compensated absences | 23,081 | 8,239 | 13,396 | - | 5,396 | 50,112 |
| Total adjustments | 1,144,411 | 344,989 | 235,257 | 266,936 | 31,494 | 2,023,087 |
| Net cash provided by operating activities | <u>\$ 2,877,783</u> | <u>\$ 2,491,972</u> | <u>\$ 1,179,418</u> | <u>\$ 380,140</u> | <u>\$ 1,124,682</u> | <u>\$ 8,085,489</u> |

See Notes to the Basic Financial Statements.

CITY OF DANIA BEACH, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
September 30, 2016

| | <u>Totals</u> |
|--|----------------------|
| ASSETS: | |
| Cash and money market funds | \$ 2,931,183 |
| Investments, at fair value: | |
| Common stocks | 29,592,376 |
| Mutual funds | 14,640,456 |
| Corporate and foreign bonds | 4,936,396 |
| Partnership/Joint venture | 1,446,392 |
| Real estate | 5,047,652 |
| Government securities | <u>8,317,223</u> |
| Total investments | <u>63,980,495</u> |
| Receivables: | |
| State contributions | 24,718 |
| Employee contributions | 57,310 |
| Employer contributions | 342,576 |
| Accrued interest receivable | 115,086 |
| Loans to DROP participants | <u>1,376,866</u> |
| Total receivables | <u>1,916,556</u> |
| Prepays | <u>15,395</u> |
| Total assets | <u>68,843,629</u> |
| LIABILITIES: | |
| Accounts payable | <u>46,787</u> |
| Total liabilities | <u>46,787</u> |
| NET POSITION: | |
| Net position restricted for DROP benefits | 2,335,069 |
| Net position restricted for defined benefits | <u>66,461,773</u> |
| Total net position | <u>\$ 68,796,842</u> |

See Notes to the Basic Financial Statements.

CITY OF DANIA BEACH, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended September 30, 2016

| | <u>Totals</u> |
|---|-----------------------------|
| ADDITIONS: | |
| Contributions: | |
| Employees | \$ 872,336 |
| Employer | 7,060,554 |
| Buybacks | 1,739,648 |
| State | <u>446,780</u> |
| Total contributions | <u>10,119,318</u> |
| Investment income: | |
| Net appreciation in fair value of investments | 2,476,824 |
| Interest and dividends | <u>2,038,874</u> |
| Total investment income | <u>4,515,698</u> |
| Investment expenses | <u>(337,595)</u> |
| Net investment income | <u>4,178,103</u> |
| Other income | <u>54,612</u> |
| Total additions | <u>14,352,033</u> |
| DEDUCTIONS: | |
| Pension benefits paid | 5,535,556 |
| Administrative expenses | <u>245,328</u> |
| Total deductions | <u>5,780,884</u> |
| Change in net position | 8,571,149 |
| Net position - beginning | <u>60,225,693</u> |
| Net position - ending | <u><u>\$ 68,796,842</u></u> |

See Notes to the Basic Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 1 – ORGANIZATION AND OPERATIONS

The City of Dania Beach, Florida (the “City”) located in Broward County, is a political subdivision of the State of Florida. The legislative branch of the City is composed of a five-member elected commission. The City Commission is governed by the City Charter and by state and local laws and regulations. The City Commission is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the commission-appointed City Manager. In addition to the general government function, the City provides its residents with public works, public safety (police and fire), culture and recreation, building, zoning and planning functions, water, sewer and storm water management.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity:

The financial statements were prepared in accordance with government accounting standards which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of the financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. In evaluating the City as a reporting entity, management has addressed all potential component units for which the City may or may not be financially accountable and, as such, be includable within the City's financial statements. The City is financially accountable for a component unit, if it appoints a voting majority of the organization's board, and it is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits, or impose specific financial burdens on the City.

The Dania Beach Community Redevelopment Agency (the “CRA”) is governed by the CRA Board which is substantially the same as the City Commission. Although it is legally separate from the City, the CRA is reported as part of the primary government because its sole purpose is to finance and redevelop the city's designated redevelopment areas and provides services entirely to the primary government. The CRA is reported as a major special revenue fund type using the blended method.

Governmental-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those expenses that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and fines and forfeitures and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation:

Measurement focus is commonly used to describe the types of transactions and events that are reported in a fund's operating statement. Basis of accounting refers to the point at which revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements and relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers receivables collected within 60 days after the year-end to be available and recognizes them as revenues of the current year. Expenditures generally are recorded when a liability is incurred, as under accrual account. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenues, franchise fees, licenses and investment earnings associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. In applying the susceptible to accrual concept to intergovernmental revenues, revenues are recognized when all eligibility requirements are met. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental funds:

The General Fund is the primary operating fund of the City. It accounts for all financial resources of the general government except those required to be accounted for in a separate fund.

The Grants Fund accounts for the revenues and expenditures related to federal, state and local grants received by the City with the exception of FEMA reimbursements for hurricane-related expenses.

The Community Redevelopment Agency fund accounts for funds received to be used for eliminating slum and blight conditions existing in the community redevelopment area. The CRA does not receive tax incremental financing. Instead it is funded through the General Fund of the City.

The Debt Service Fund accounts for the funds received to pay the city's long term debt as well as proceeds received from new debt issuances.

The Capital Projects Fund accounts for the resources accumulated for the completion of the five-year capital budget.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City reports the following major proprietary (enterprise) funds:

The City's water treatment, sewer and stormwater system are funded through user charges. The City's marina fund which accounts for the operation of the City's marina is also funded through user charges.

Additionally, the City reports the following fiduciary funds:

The Pension Trust Fund accounts for the activities of the General Employees Retirement System, the Police and Firefighter's Retirement System and OPEB Trust Plan. These funds accumulate resources for pension benefit payments to qualified employees and other post-employment benefits for qualified retirees.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water, sewer, storm water and marina enterprise funds are charges to customers for sales and services.

The water and sewer funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is City policy to use restricted resources first, and then unrestricted resources as needed.

Assets, liabilities and net position or fund balance:

1. Deposits and investments:

The City's cash and cash equivalents are considered to be cash on hand, time and demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Short-term investments, except the State Board Investment Pool, are reported at cost, which approximates fair value. The Investment Pool is recorded at its value of the pool shares (2A-7 Pool) which is fair value.

The nature of the City's investments is governed by the provisions of Florida Statutes Section 218. Under this statute, authorized investments are limited, unless otherwise authorized by law or ordinance, to the Local Government Surplus Funds Trust Fund, money market funds, direct or unconditionally guaranteed obligations of the United States Government, obligations of certain government agencies, interest bearing time deposits or savings accounts.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Receivables and payables:

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property taxes are levied as of January 1 on property values assessed as of the same date. Assessment and collections are made on behalf of the City by Broward County. Property values are assessed as of January 1 of each year, at which time taxes become an enforceable lien on property. Tax bills are mailed for the City by Broward County on or about October 1 of each year and are payable with discounts of up to 4% offered for early payment. Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of property taxes by seizure of the personal property or by the sale of interest-bearing tax certificates to satisfy unpaid property taxes. All trade and property tax receivables are shown net of an allowance for uncollectibles. Accounts receivable allowances are based on historical trends.

Operating revenues in the water and sewer enterprise funds are generally recognized on the basis of cycle billings rendered monthly. The Marina billings are also recognized when billed on a monthly basis. Revenues for services delivered during the last month of the fiscal year that have not been read by September 30 are accrued based on meter reading and docking fees (for the Marina fund) for the applicable consumption period and billed in October.

3. Inventories and prepaids:

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of government funds are recorded as expenditures when consumed. The reported governmental fund type inventories are offset by a nonspendable fund balance that indicates that they do not constitute available spendable resources.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted assets:

Certain assets of the Debt Service fund have been classified as restricted because their use is completely restricted by a bond indenture agreement for the city's debt service requirements and by grant agreements.

Impact fees collected in the General, Water and Sewer Funds are also restricted for costs associated with improvements to recreational/administrative facilities as well as providing for increased capacity and expansion of the water and sewer system.

5. Capital assets:

Capital assets, which include land, buildings and improvements, furniture, fixtures and equipment, construction in progress, infrastructure (e.g., roads, bridges,, sidewalks, and similar items) and utility systems are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. For infrastructure assets the City defines capital assets with an initial cost of more than \$10,000 and an estimated life in excess of five years. Purchased or constructed assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add value to the asset or materially extend its useful life are not capitalized.

Capital assets of the city are depreciated using the straight-line method over the following estimated useful lives:

| | |
|------------------------------------|-------------|
| Building and improvements | 10-40 years |
| Infrastructure | 20-30 years |
| Utility system | 5-50 years |
| Furniture, fixtures, and equipment | 3-10 years |

6. Compensated absences:

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. An employee may, on an annual basis, or upon termination, cash in a portion of these unused benefits. Vacation and sick pay benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported and recorded in governmental funds only if they have matured, for example, as a result of employee resignation and retirements. When the liability is liquidated it is expended/expensed in the General Fund and the Enterprise Funds.

7. Long-term Obligations:

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts, are amortized over the life of the bonds. Issuance costs are treated as expenditures. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Equity classification:

Government-Wide and Proprietary Fund Statements

Equity is classified as Net Position and displayed in three components:

- a. Net investment in capital assets – consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets.
- b. Restricted net position – consists of net position with constraints placed on the use either by:
 - 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments, or
 - 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Equity

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* require that governmental fund financial statements present fund balances based on classification that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- a. Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be converted to cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) or a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.
- b. Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- c. Committed: This classification included amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority usually through a resolution or ordinance. The action may only be undone by the Commission in the same manner.
- d. Assigned: This classification includes amounts that have been identified by the City Commission as being included in fund equity that should be assigned for a specific purpose or as required by certain funding sources. The categories of assigned fund equity are, insurance claims reserves, disaster recovery, firefighters' pension and capital projects. The finance director, at the direction of the City Commission, is authorized to assign fund balances. The Commission may also assign fund balance. Assignments are generally temporary and no formal action is required to remove the assignment.
- e. Unassigned: This classification includes the residual fund balance for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes with the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The City's informal policy is to maintain an adequate General Fund unassigned fund balance of at least three (3) months of operating expenditures (25% of unassigned revenue balance) in line with the Government Finance Officers' Association recommendations in the event of an economic downturn or a natural disaster.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Deferred inflows and outflows of resources:

Governmental funds and enterprise funds report deferred inflows (below total liabilities) in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer inflows in connection with resources that have been received, but not yet earned. Deferred inflows at the government-wide level arise only when the City receives resources before it has a legal claim to them.

The statement of net position and enterprise funds includes a separate section, listed below "Total Assets", for deferred outflow of resources. This represents the expenses of net position applicable to future periods and will not be recognized as expenditures until the future period to which it applies. The City currently reports the pension contributions after the measurement date, which will be recognized in the following year.

10. Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, disclosures of contingent liabilities, revenues and expenditures/expenses reported in the financial statements and accompanying notes. Although these estimates as well as all estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

11. Deficit fund balances:

At September 30, 2016, the City had a deficit fund balance in the Grants Fund of \$(111,210). In the opinion of management, future grant reimbursements will eliminate the deficit; however, if grant reimbursements do not come to fruition, the deficit would be covered by the General Fund.

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits:

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or other banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized with securities held by the entity or its agent in the entity's name.

Investments:

The City is authorized to invest in obligations of the United States Treasury, its agencies, instrumentalities and the Local Government Surplus Funds Trust Fund administered by the State Board of Administration. The investments follow the investment rules defined in Florida Statutes Chapter 218. The investment policy defined in the statutes attempts to promote, through state assistance, the maximization of net investment earnings on invested surplus funds of local units of governments while limiting the risk to which the funds are exposed.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

Investments (continued)

The City invests surplus funds in an external investment pool, the Local Government Surplus Funds Trust Fund (the "State Pool"). The State Pool is administered by the Florida State Board of Administration ("SBA"), who provides regulatory oversight. The State Pool is known as Florida PRIME.

The Florida PRIME has adopted operating procedures consistent with the requirement for a 2a7-like pool. The City's investment in the Florida PRIME is reported at amortized cost in accordance with GASB 79 "*Certain External Investment Pools and Pool Participants*". The fair value of the position in the pool is equal to the value of the pool shares. As a result the Florida PRIME Investment is exempt from GASB 72 fair value hierarchy disclosures.

As of September 30, 2016, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

The City also invests in the Florida Municipal Investment Trust Pension Trust Fund (the "Municipal Trust/FMInvT") which was created under the laws of the State of Florida to provide eligible units of local government with an investment vehicle to pool their surplus funds and to reinvest such funds in one or more investment portfolios under the direction and daily supervision of an investment advisor. The Florida League of Cities serves as the administrator, investment manager and secretary-treasurer of the Trust. The Municipal Trust is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for a "2a-like" pool.

GASB 72 requires governments to disclose the fair value hierarchy for each type of asset or liability measured at fair value in the notes to the financial statements. The standard also requires that the city disclose a description of the valuation techniques used in the fair value measurement and any significant changes in valuation techniques. GASB 72 establishes a three-tier hierarchy:

Level 1 Inputs – directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation or by other means.

Level 3 Inputs – unobservable inputs used only when relevant Level 1 and Level 2 inputs are unavailable. All but two (2) of the FMInvT Funds are considered as Level 2 since the value of the shares is based on market-corroborated data. The Core Plus Fixed Income Fund and the Expanded High Yield Bond Fund are considered Level 3 since the value is based on unobservable inputs.

Investments – City:

As of September 30, 2016, the City had the following investments and maturities:

| | Fair Value | Investment Maturities (In Years) | |
|---------------|---------------|----------------------------------|------|
| | | Less than 1 | 1-5 |
| Florida PRIME | \$ 56,420,850 | \$ 56,420,850 | \$ - |

Interest rate risk

The dollar weighted average days to maturity (WAM) of Florida PRIME at September 30, 2016, is 50 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida PRIME at September 30, 2016, is 70 days.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

Credit risk

The City has a formal investment policy that mitigates credit risk by limiting investments to the safest types of securities; prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business; and diversifies the investment portfolio so that potential losses on individual securities will be minimized. In addition, state law limits investments in bonds, stocks or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, unless the corporation is listed on any one or more of the recognized national stock exchanges or on the National Market System of the NASDAQ Stock Market and in the case of bonds only, holds a rating in one of the three highest classifications by a major rating service. The Florida PRIME is rated **AAAm** by Standard and Poor's.

Foreign Currency Risk

Florida PRIME or FMIvT was not exposed to any currency risk during the period October 1, 2015 through September 30, 2016

Investments – Fiduciary Funds:

As of September 30, 2016, the City's fiduciary funds had the following investments:

| | |
|-----------------------------|----------------------|
| Common stocks | \$ 29,592,376 |
| Mutual funds | 14,640,456 |
| Government securities | 8,317,223 |
| Corporate and foreign bonds | 4,936,396 |
| Real estate trust | 5,047,652 |
| Cash and money market | 2,931,183 |
| Partnership / Joint Venture | 1,446,392 |
| | <u>\$ 66,911,678</u> |

Interest rate risk

State law does not limit maturity term on fixed income holdings. As of September 30, 2016, the Police and Firefighters' Pension Plan and General Employees Pension Plan held fixed income securities with the following maturities:

Police and Firefighters' Pension Plan

| | Fair Value | Investment Maturities (In Years) | | | |
|---|---------------------|----------------------------------|---------------------|---------------------|---------------------|
| | | Less than 1 Year | 1-5 | 6-10 | More Than 10 |
| Corporate and foreign bonds | \$ 2,684,114 | \$ - | \$ 1,389,677 | \$ 489,045 | \$ 805,392 |
| United States Government treasury notes | 3,569,437 | - | 1,452,864 | 1,462,410 | 654,163 |
| United States Government agency notes | 1,529,504 | - | 49,295 | 19,900 | 1,460,309 |
| | <u>\$ 7,783,055</u> | <u>\$ -</u> | <u>\$ 2,891,836</u> | <u>\$ 1,971,355</u> | <u>\$ 2,919,864</u> |

General Employees' Pension Plan

| | Fair Value | Investment Maturities (In Years) | | |
|---|---------------------|----------------------------------|---------------------|-------------------|
| | | Less than 1 Year | 1-5 | 6-10 |
| United States Government agency notes | \$ 879,012 | \$ 186,482 | \$ 407,331 | \$ 285,199 |
| United States Government treasury notes | 2,339,270 | 150,272 | 2,188,998 | - |
| Corporate and foreign bonds | 2,252,282 | - | 2,252,282 | - |
| | <u>\$ 5,470,564</u> | <u>\$ 336,754</u> | <u>\$ 4,848,611</u> | <u>\$ 285,199</u> |

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

Interest rate risk (Continued)

OPEB Trust

FMLvT Interest Rate Risk Information in
Years

| <u>Fixed Income Funds</u> | <u>Modified Duration</u> | <u>WAM</u> |
|-------------------------------------|--------------------------|------------|
| Broad Market High Quality Bond Fund | 4.45 | 5.90 |
| Core Plus Fixed income Fund | 2.04 | 6.84 |

Custodial and credit risk

Custodial risk is the risk that in the event of failure of the counterparty, the City and the Fiduciary Funds would not recover the value of its investments or collateral securities that are in possession of an outside party. State law limits investments in bonds, stocks or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, unless the corporation is listed on any one or more of the recognized national stock exchanges or on the National Market System of the NASDAQ Stock Market and in the case of bonds only, holds a rating in one of the three highest classifications by a major rating service. The Police and Firefighters Pension Plan and the General Employees Retirement System Plan investments subject to credit risk were rated by Moody's Investors Services as follows:

| <u>Rating</u> | <u>Police and Fire Fair Value</u> | <u>General Employees Fair Value</u> |
|---------------------|---|---|
| Aaa | \$ 4,029,723 | \$ 3,218,283 |
| Aa1 | 93,725 | 390,551 |
| Aa2 | 127,441 | 489,680 |
| Aa3 | 186,134 | 361,419 |
| A1 | 97,011 | 390,383 |
| A2 | 129,911 | 211,506 |
| A3 | 524,772 | 255,875 |
| Baa1 | 261,900 | 152,867 |
| Baa2 | 422,810 | - |
| Baa3 | 192,194 | - |
| No rating available | 1,717,434 | - |
| | <u>\$ 7,783,055</u> | <u>\$ 5,470,564</u> |

Since the OPEB Trust investments are evidenced by shares of the pool, the City's investment is with the pool, not the securities that make up the pool and so no disclosure is required.

Credit Risk for FMLvT fixed incomes funds is as follows:

| <u>Fixed Income Funds</u> | <u>Fitch Rating</u> |
|-------------------------------------|---------------------|
| Broad Market High Quality Bond Fund | Aaf/S4 |
| Core Plus Fixed Income Fund | Not Rated |

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

Concentration risk

The General Employees' Pension Plan investment policy stipulates that not more than 5% of Plan assets can be invested in the common stock of any one issuing company nor can the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of any company. As of September 30, 2016, the value of each position held by the General Employees' Pension Plan portfolio comprised less than 5% of Plan assets and less than 5% of the value of the outstanding capital stock of the respective company.

The Police and Firefighters Pension Plan limits investments that may be invested in any one issuer to no more than 5% of the Plan Net Position other than government and government agencies securities. There were no individual investments that represent 5% or more of Plan Net Position at September 30, 2016.

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The investment policy statement was last amended on September 2013. The Following was the Board's adopted asset allocation policy as of September 30, 2016.

| Type of Investment | Target Allocation |
|-----------------------|-------------------|
| Domestic equity | 40% - 60% |
| International equity | 0% - 20% |
| Domestic fixed income | 15% - 30% |
| Real estate | 0% - 15% |
| Cash & equivalents | Minimum |

Foreign credit risk

For an investment, foreign currency risk is the risk that fluctuations in currency exchange rate may affect transactions conducted in currencies other than U.S. dollars as well as the carrying value of foreign investments. The Fund's exposure to foreign currency risk derives mainly from its investments in international equity funds and foreign bonds. The total amount of foreign investments as of September 30, 2016 was \$3,060,989 for the Police and Firefighters' Pension Plan. The investment policy limits the foreign investments to no more than 20 % of the the fund's investment balance. As of September 30, 2016, foreign investments consisted of 8.03% of total investments for the Police and Firefighters' Pension Plan. The General Employees' plan contained no foreign investments. The FMLvT is not subject to foreign credit risk.

Risks and uncertainties

The Plans have investments that are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect balances and the amounts reported in the statement of Net Position available for benefits and the statement of changes in net position available for benefits. The Plans, through their investment advisors, monitor the Plans' investments and risk associated therewith on a regular basis, which the Plans believe minimizes their risks.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 4 – RECEIVABLES

Receivables as of September 30, 2016 for the City's individual funds in the aggregate including the allowances for uncollectible receivables are as follows:

| | General Fund | CRA | Non-Major Governmental | Water Fund | Sewer Fund | Marina | Total |
|---------------------------------------|---------------------|----------------|---------------------------|----------------|----------------|-----------------|------------------|
| Customers billed | \$ 228,073 | \$ | \$ | 902,830 | \$ 988,521 | \$ | \$1,851,132 |
| Franchise fees | 407,888 | - | - | - | - | - | 407,888 |
| Utility taxes | 314,554 | - | - | - | - | - | 314,554 |
| Other | 263,977 | 8,500 | 450 | 20,242 | 5,000 | 57,114 | 355,283 |
| Gross receivable | 1,214,492 | 8,500 | 450 | 923,072 | 993,521 | 57,114 | 3,197,149 |
| Less: Allowance for uncollectibles | (143,283) | - | - | (136,733) | (131,559) | - | (411,575) |
| Net total receivables | <u>\$ 1,071,209</u> | <u>\$8,500</u> | <u>\$ 450</u> | <u>786,339</u> | <u>861,962</u> | <u>\$57,114</u> | <u>2,785,574</u> |

NOTE 5 – INTERFUND,, RECEIVABLES, PAYABLES, AND TRANSFERS

The balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

The composition of net interfund balances as of September 30, 2016 is as follows:

| Funds | From | To |
|-------------------|---------------------|---------------------|
| General Fund | \$ 4,742,534 | \$ - |
| Grants Fund | - | 3,305,354 |
| CRA Fund | - | 1,129,391 |
| Other Governmenta | - | 2,656 |
| Water Fund | - | 6,656 |
| Sewer Fund | - | 1,672 |
| Stormwater Fund | - | 2,479 |
| Marina Fund | - | 293,389 |
| Other Enterprise | - | 937 |
| | <u>\$ 4,742,534</u> | <u>\$ 4,742,534</u> |

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 5 – INTERFUND ADVANCES, RECEIVABLES, PAYABLES, AND TRANSFERS (continued)

The composition of interfund transfers for the year end September 30, 2016 is as follows:

| | <u>Transfers in</u> | <u>(Transfers out)</u> |
|--------------------------------|---------------------|------------------------|
| Governmental Funds | | |
| General | \$ 5,370,889 | \$ 3,839,961 |
| Grant | - | 17,412 |
| Community Redevelopment Agency | 1,319,170 | 429,170 |
| Capital Projects | 1,340,000 | 1,094,040 |
| Perpetual Care | - | 54,495 |
| Building permit | - | 483,492 |
| Debt service | 1,269,351 | - |
| Enterprise funds | | |
| Water | | 1,338,705 |
| Sewer | | 799,649 |
| Stormwater | | 422,429 |
| Marina | | 107,480 |
| Parking | | 654,741 |
| Pier operations | | 57,836 |
| Total fund transfers | <u>9,299,410</u> | <u>9,299,410</u> |
| Government-wide | | |
| Governmental Activities | 3,380,840 | - |
| Business-Type Activities | - | 3,380,840 |
| Total transfers | <u>\$ 3,380,840</u> | <u>\$ 3,380,840</u> |

Transfers are used to 1) move revenues from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, 3) move unrestricted General Fund revenues to finance various programs that the government must account for in the other funds in accordance with budgetary authorizations.

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CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016 was as follows:

| | <u>Balance, Beginning of Year</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance, End of Year</u> |
|---|---|------------------|------------------|---------------------------------|
| Governmental Activities: | | | | |
| <u>Capital Assets, not being depreciated:</u> | | | | |
| Land | \$ 16,184,221 | \$ - | \$ - | \$ 16,184,221 |
| Construction in Progress | 457,878 | 892,769 | (157,446) | 1,193,201 |
| Total Capital Assets, not being depreciated | 16,642,099 | 892,769 | (157,446) | 17,377,422 |
| <u>Capital Assets, being depreciated:</u> | | | | |
| Buildings and Improvements | 24,494,971 | 172,876 | - | 24,667,847 |
| Furniture, Fixtures, and Equipment | 4,846,221 | 851,140 | - | 5,697,361 |
| Infrastructure | 45,776,398 | 591,209 | - | 46,367,607 |
| Total Capital Assets, being depreciated | 75,117,590 | 1,615,225 | - | 76,732,815 |
| <u>Less accumulated depreciation for:</u> | | | | |
| Buildings and Improvements | 8,656,713 | 1,014,091 | - | 9,670,804 |
| Furniture, Fixtures, and Equipment | 3,705,813 | 459,994 | - | 4,165,807 |
| Infrastructure | 27,549,561 | 1,731,840 | - | 29,281,401 |
| Total accumulated depreciation | 39,912,087 | 3,205,925 | - | 43,118,012 |
| Total capital assets, being depreciated, net | 35,205,503 | (1,590,700) | - | 33,614,803 |
| Governmental activities capital assets, net | \$ 51,847,602 | \$ (697,931) | \$ (157,446) | \$ 50,992,225 |
| | | | | |
| | <u>Balance, Beginning of Year</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance, End of Year</u> |
| Business-Type Activities: | | | | |
| <u>Capital Assets, not being depreciated:</u> | | | | |
| Land | \$ 220,976 | \$ - | \$ - | \$ 220,976 |
| Construction in Progress | 2,097,832 | 317,023 | - | 2,414,855 |
| Total Capital Assets, not being depreciated | 2,318,808 | 317,023 | (157,446) | 2,635,831 |
| <u>Capital Assets, being depreciated:</u> | | | | |
| Buildings and Improvements | 4,962,985 | - | - | 4,962,985 |
| Furniture, Fixtures, and Equipment | 2,489,279 | 496,495 | - | 2,985,774 |
| Utility System | 55,927,922 | 21,732 | - | 55,949,654 |
| Total Capital Assets, being depreciated | 63,380,186 | 518,227 | - | 63,898,413 |
| <u>Less accumulated depreciation for:</u> | | | | |
| Buildings and Improvements | 889,662 | 248,149 | - | 1,137,811 |
| Furniture, Fixtures, and Equipment | 1,218,764 | 214,327 | - | 1,433,091 |
| Utility System | 22,899,684 | 1,711,319 | - | 24,611,003 |
| Total accumulated depreciation | 25,008,110 | 2,173,795 | - | 27,181,905 |
| Total capital assets, being depreciated | 38,372,076 | (1,655,568) | - | 36,716,508 |
| Business-type activities capital assets, net | \$ 40,690,884 | \$ (1,338,545) | \$ (157,446) | \$ 39,352,339 |

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 6 – CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

| Governmental activities: | | Business-type activities: | |
|--|---------------------|---|---------------------|
| General government | \$ 672,799 | General government | \$ - |
| Highways and streets | 1,111,573 | Highways and streets | 17,095 |
| Public safety | 432,809 | Public safety | - |
| Culture and recreation | 848,537 | Culture and recreation | 349,440 |
| Physical environment | 140,207 | Physical environment | 1,807,260 |
| Total depreciation expense governmental activities | \$ <u>3,205,925</u> | Total depreciation expense - business-type activities | \$ <u>2,173,795</u> |

NOTE 7 – LONG-TERM DEBT

The following is a summary of changes in long-term debt of the city for governmental activities for the year ended September 30, 2016:

| | Balance, Beginning of Year | Additions | Decreases | Balance, End of Year | Due Within One Year |
|---------------------------------------|----------------------------------|---------------------|-----------------------|-------------------------|------------------------|
| Governmental Activities | | | | | |
| Bonds, notes, and capital | | | | | |
| Leases payable: | | | | | |
| Sales tax revenue bonds | \$ 1,305,000 | \$ - | \$ (155,000) | \$ 1,150,000 | \$ 155,000 |
| General obligation bonds | 8,375,773 | 2,820,000 | (2,935,000) | 8,260,773 | 289,507 |
| Notes payable | 5,243,729 | - | (174,495) | 5,069,234 | - |
| Capital leases | 1,036,775 | - | (189,559) | 847,216 | 189,559 |
| Deferred amounts - bond premium | 13,782 | - | (690) | 13,092 | - |
| Total bonds, notes and capital leases | <u>15,975,059</u> | <u>2,820,000</u> | <u>(3,454,744)</u> | <u>15,340,315</u> | <u>634,066</u> |
| Other liabilities: | | | | | |
| Compensated absences | 942,363 | 540,789 | (403,874) | 1,079,278 | 161,892 |
| Total long-term debt and liabilities | \$ <u>16,917,422</u> | \$ <u>3,360,789</u> | \$ <u>(3,858,618)</u> | \$ <u>16,419,593</u> | \$ <u>795,958</u> |

Bonds Payable

The City previously issued \$3,500,000 of General Obligation Bonds, Series 2010 (Refunded in April 2016). The proceeds of the Series 2010 Bonds were used to finance a portion of the parking garage and entry road with associated infrastructure related to a downtown library facility and paying costs of issuance of the Bonds. The Bonds were payable in annual principal installments beginning October 15, 2010 through October 15, 2025. Interest at 4.43% is payable semiannually on the 15th day of April and October. The Series 2010 Bonds were secured by the full faith, credit and taxing power of the City.

The refunding of the series 2010 bonds will reduce the City's debt service payments over the next 20 years by approximately \$417,942 and obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$346,280 at a present value rate of approximately 2.279%. The bonds are payable in annual principal installments of various amounts based on the maturity of the bonds beginning October 15, 2016 through October 15, 2025 plus interest at 2.28% as accrued between each payment date with a final balloon payment of \$1,253,160.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 7 – LONG-TERM DEBT (continued)

In December 2012, the City issued the Sales Tax Revenue Refunding Bonds Series 2012 for \$1,615,000. The bonds were issued to refund the above Series 1994 Sales Tax Revenue Bonds. The refunding of the series 1994 Bonds will reduce the City's debt service payments over the next 13 years by approximately \$968,700 and obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$415,000. The bonds are payable in annual principal installments beginning October 1, 2013 through October 1, 2022. Interest at 1.65% is payable semiannually on the first day of each April and October. The Bonds are limited obligations of the City payable solely from sales tax revenues.

The City previously issued \$6,800,000 General Obligation Bonds, Series 2006 to fund the construction of a fire station in the annexed area, parks and recreation centers improvements, and neighborhood improvements for lighting projects, sidewalk improvements and traffic calming devices. These bonds were refunded in 2015 under a \$5,440,773 General Obligation Bonds, Series 2015 in order to save interest expense of more than \$1m. The new bonds are payable in semi-annual principal installments of \$139,507 beginning Oct 1, 2016 through October 1, 2035 including interest at 3.06% as accrued between each payment date. The installments are due on the first day of April and October. The bonds are collateralized by all ad-valorem revenue over the life of the debt.

Annual debt service requirements of the Sales Tax Revenue Bonds, Series 2012, the General Obligations Bonds, 2015 and the General Obligations Bonds, Series 2016 are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------------|---------------------|---------------------|----------------------|
| Fiscal year ending September 30: | | | |
| 2017 | \$ 584,014 | \$ 343,782 | \$ 927,796 |
| 2018 | 649,014 | 229,395 | 878,409 |
| 2019 | 649,014 | 213,429 | 862,443 |
| 2020 | 664,014 | 197,308 | 861,322 |
| 2021 | 664,014 | 181,032 | 845,046 |
| 2022-2026 | 3,550,070 | 661,144 | 4,211,214 |
| 2027-2031 | 1,395,070 | 309,496 | 1,704,566 |
| 2032-2036 | <u>1,255,563</u> | <u>95,647</u> | <u>1,351,210</u> |
| | <u>\$ 9,410,773</u> | <u>\$ 2,231,233</u> | <u>\$ 11,642,006</u> |

As of September 30, 2016, the City has complied with all of the provisions outlined within its Series 2012 Sales Tax Revenue Bond Indenture Agreement.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 7 – LONG-TERM DEBT (continued)

Notes Payable-Governmental Funds

The City entered into an interlocal agreement with Broward County to borrow an amount up to \$5,338,899 for eligible projects in the County Redevelopment Capital Program. The City received the first draw in the amount of \$2,334,200 for the purchase of Parcel 109. The City received its second draw in the amount of \$2,730,909 in FY 2010 towards the construction of the Parking Facility Garage located on Parcel 109. The loan is held to conditions requiring the City to complete the project within five years of the first draw and to demonstrate a net increase in the tax base of the Community Redevelopment Area. If the conditions are met the note will be forgiven using a predetermined schedule. If the conditions are not met the note will be payable to the County over a fifteen-year period commencing at the end of the initial five-year interest free period (March 2017) with interest at the Municipal Market Data (MMD) "A" revenue bond rate in effect at the time repayment begins. The balance outstanding as of September 30, 2016 was \$5,069,234.

Notes Payable –Enterprise Funds

| | Beginning of Year Balance | Additions | Deletions | Balance, End of Year | Due Within One Year |
|---|------------------------------|-------------------|-----------------------|-------------------------|------------------------|
| Business-Type Activities | | | | | |
| Revenue bonds payable | \$ 2,205,000 | \$ | \$ (125,000) | \$ 2,080,000 | \$ 130,000 |
| Notes payable | 273,790 | - | - | 273,790 | - |
| State revolving loans payable | 14,547,370 | 50,934 | (1,066,147) | 13,532,157 | 858,729 |
| Total long-term debt | <u>17,026,160</u> | <u>50,934</u> | <u>(1,191,147)</u> | <u>15,885,947</u> | <u>988,729</u> |
| Other liabilities: | | | | | |
| Compensated absences | <u>312,075</u> | <u>195,772</u> | <u>(145,662)</u> | <u>362,186</u> | <u>54,328</u> |
| Total Long-Term Debt and other Liabilities | <u>\$ 17,338,235</u> | <u>\$ 246,706</u> | <u>\$ (1,336,809)</u> | <u>\$ 16,248,133</u> | <u>\$ 1,043,057</u> |

State Revolving Loans Payable – Enterprise Funds

During the year and in previous years, the City entered into loan agreements with the State Department of Environmental Protection's Clean Water State Revolving Fund Loan Program and Drinking Water State Revolving Fund Loan Program to borrow up to \$25,350,941. As of September 30, 2016, the City has \$13,532,157 outstanding which it has borrowed to finance the planning, design and construction of water, wastewater and stormwater infrastructure improvements. The City is required to maintain rates and charges for the services furnished by the water, sewer, and stormwater systems which will be sufficient to provide revenues equal to or exceed 1.15 times the sum of the semiannual loan payments (debt service). The loans payable in semi-annual payments are calculated based on the actual amount of the principal drawn under the agreements, as well as associated capitalized interest and loan issuance cost. The amount of semiannual payments made during the year amounted to \$1,066,147. These amounts are subject to change since the projects have not been completed; therefore, amortization schedules are not available at this time.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 7 – LONG-TERM DEBT (continued)

The financing interest rates and principal amounts of the loans are as follows:

| Fund | Rate | Amount |
|------------------|---------------|----------------------|
| Water Fund | 2.50%-2.82% | \$ 9,998,293 |
| Sewer Fund | 0.905%-1.355% | 2,491,280 |
| Storm Water Fund | - | 1,042,584 |
| | | <u>\$ 13,532,157</u> |

In February 2013, the City issued the Taxable Marina Revenue Bonds, Series 2013 for \$2,400,000. The bond is issued for the purpose of financing a portion of the costs of rehabilitating the Dania Beach Municipal Marina. The principal on this Bond is due annually beginning October 15, 2013 through October 14, 2028. Interest at 3.41% is due semiannually on April 15 and October 15 of each year beginning on April 15, 2013.

Annual debt service requirements for the revenue bonds payable are as follows:

| Fiscal Year Ending | Principal | Interest | Total |
|-----------------------|---------------------|-------------------|---------------------|
| 2017 | \$ 130,000 | \$ 68,712 | \$ 198,712 |
| 2018 | 135,000 | 64,193 | 199,193 |
| 2019 | 140,000 | 59,505 | 199,505 |
| 2020 | 145,000 | 54,645 | 199,645 |
| 2021 | 150,000 | 49,616 | 199,616 |
| 2022-2026 | 820,000 | 167,431 | 987,431 |
| 2027-2029 | 560,000 | 29,156 | 589,156 |
| | <u>\$ 2,080,000</u> | <u>\$ 493,258</u> | <u>\$ 2,573,258</u> |

Additionally, the City entered into an interlocal agreement with Broward County to borrow an amount up to \$5,338,899 (see above under 'Notes payable-governmental funds'). In 2013, the City received the final draw in the amount of \$273,790 for the parking gate arm system located at the parking garage facility. This balance is therefore recorded in the Parking Fund as opposed to the governmental funds.

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CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 8 – LEASES

Operating Leases

The City leases parcels of real estate to private corporations. The leases, classified as operating leases, expire in years 2025 and 2040. The marina lease is subject to contingency rentals, which are calculated as a percentage of gross receipts. The pier restaurant lease payment is the greater of the base rent of 7% of the gross revenues for each lease year. The pier restaurant lease has the option to extend the initial term for up to four separate, consecutive additional renewal terms of five years each. Total City rental income of approximately \$818,000 is included as miscellaneous revenue in the General Fund.

The following is a schedule of minimum future rental income of non-cancelable operating leases as of September 30, 2016:

| Fiscal year ending September 30: | |
|----------------------------------|---------------------|
| 2017 | \$ 356,366 |
| 2018 | 360,359 |
| 2019 | 344,289 |
| 2020 | 336,415 |
| 2021 | 340,778 |
| 2022-2026 | 1,187,477 |
| 2027-2031 | 954,898 |
| 2032-2036 | 954,898 |
| 2037-2040 | 763,919 |
| Total minimum future rentals | <u>\$ 5,599,399</u> |

Capital Leases

The City entered into two lease agreements for financing the acquisition of equipment for the Fire Department in the amounts of \$1,005,855 and \$889,744. These lease agreements qualify as capital leases for accounting purposes and therefore have been recorded at the present value of their future minimum lease payments as of inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2016 are as follows:

| Fiscal year ending | Present value of Minimum lease payments | | |
|-----------------------|---|------------------|-------------------|
| | Lease Payments | Interest | Total |
| 2017 | \$ 189,560 | \$ 23,352 | \$ 212,912 |
| 2018 | 189,560 | 17,425 | 206,985 |
| 2019 | 189,560 | 11,498 | 201,058 |
| 2020 | 189,560 | 5,571 | 195,131 |
| 2021 | 88,976 | 1,304 | 90,280 |
| | <u>\$ 847,216</u> | <u>\$ 59,150</u> | <u>\$ 906,366</u> |

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Litigation

Various suits and claims arising in the ordinary course of operations are pending against the City. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of legal counsel, the City has sufficient insurance coverage to cover any claims and/or liabilities which may arise from such action. The effect of such losses would not materially affect the financial position of the City or the results of its operations. No such settlements exceeded insurance coverage in each of the past three (3) years.

Interlocal Agreement with Broward County Sheriff's Office for Police Services

A contract exists between the Broward County Sheriff's Office and the City, whereby the Broward County Sheriff's Office provides police officers to serve the City. These police officers are paid on the Broward County Sheriff's Office payroll. The City pays the Broward County Sheriff's Office for the police services based on the contract. The City paid the Broward County Sheriff's Office approximately \$11.5m for the year ended September 30, 2016.

Interlocal Agreement with Broward County Sheriff's Office for Fire Rescue and Emergency Medical Services

The City has an Interlocal Agreement with the Broward County Sheriff's Office to provide fire rescue and emergency medical services which expired in September 2015. Since expiring, services are being rendered on a month to month basis. All fire personnel are paid on the Broward County Sheriff's Office payroll. The City pays the Broward County Sheriff's Office for the fire rescue and emergency medical services based on the contract. The City paid the Broward County Sheriff's Office approximately \$9.7m for the year ended September 30, 2016.

Interlocal Agreement with City of Hollywood

The City has an Interlocal Agreement with the City of Hollywood for utilization of a common area-wide wastewater collection, treatment and disposal facility. The City of Hollywood is required to provide the City of Dania Beach an estimate of all costs at the beginning of each fiscal year. The annual estimate is the basis for monthly billings and is adjusted annually based upon actual flows and actual costs when known. Charges for services provided by the City of Hollywood include operation, maintenance and administrative costs, debt service charges, depreciation charges and renewal replacement and improvement account contributions. For the year ended September 30, 2016, the City recognized expenses of approximately \$3.3m under this agreement. The agreement will continue in existence until modified by mutual consent or termination by one of the parties after giving one year's notice. Should the City terminate the agreement, it would be required to pay all debt service charges which would otherwise have been chargeable to the City (based upon a weighted average for future years using projected flows) and a sum equal to the present value of five years of all other payments based on the annual payment in the year of termination. Management considers the termination of this agreement to be remote. Future payments under this agreement cannot be estimated.

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CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 9 – COMMITMENTS AND CONTINGENCIES (Continued)

Construction Commitments

The City has numerous active construction projects as of September 30, 2016. The projects include a new lighting project, neighborhood improvements, public works facility, lift station rehabilitation and water tank membrane. At year end, the City's significant commitments with contractors are as follows:

| | <u>Budget</u> | <u>Spent to Date</u> | <u>Remaining Commitment</u> |
|---|---------------------|----------------------|---------------------------------|
| Capital Projects Fund | | | |
| Beach Revitalization I | \$ 1,938,604 | \$ 936,768 | \$ 1,001,835 |
| Sidewalk 40th Ave | 165,000 | 109,733 | 55,267 |
| Oasis IX | 197,323 | 195,474 | 1,849 |
| | <u>\$ 2,300,927</u> | <u>\$ 1,241,975</u> | <u>\$ 1,058,951</u> |
| Water, Sewer, Stormwater Funds | | | |
| Water Plant Rehab/Chlorine System Upgrade | \$ 966,493 | \$ 127,102 | \$ 822,891 |
| SE Stormwater Phase II | 153,460 | 145,088 | 8,217 |
| SW 26th Terrace, SW 31st and 32nd st | 116,976 | 114,773 | 2,203 |
| Taylor lane drainage | 51,950 | 47,521 | 4,429 |
| | <u>\$ 1,288,879</u> | <u>\$ 434,484</u> | <u>\$ 837,740</u> |

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CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 10 – DEFINED BENEFIT PENSION PLANS

Plan Description

The City is the sponsor of two single-employer Public Employee Retirement Systems (“PERS”) defined benefit pension plans established to provide pension, disability and death benefits for its employees and beneficiaries. The two plans are the General Employees’ Pension Plan (GEPP) and the City of Dania Beach Retirement System for Police and Firefighters (P&F Plan). The Police and Firefighters’ Plan issues a publicly available financial report that includes financial statements and required supplementary information. Both plans are closed to new entrants. The financial reports for the Police and Firefighters’ Plan may be obtained by writing to the board of Trustees c/o City of Dania Beach, 100 West Dania Beach Boulevard, Dania Beach, Florida 33004.

Under the provisions of the General Employees’ Pension Plan, all full-time employees who were hired prior to March 1, 2006 were eligible to participate. Pension benefits are vested after six years of credited service. Members were eligible to retire at age 55 with 6 years of credited service or at age 50 with 25 years of credited service at a benefit of 2.5% (for each year of credited service) of final average salary based on the highest 3 years’ salary during the last 10 years of employment. The benefit multiplier was raised to 3% for those who retired after December 31, 1998. City ordinance established these benefit provisions. Amendments to the Plan must be authorized by the City Commission.

The governing boards for the plans have been set by City ordinance. The composition of the governing board for the General Employees’ Pension Fund is 1 City commissioner, 2 active employees of the City and 2 residents of the City. The board also serves as plan trustees. The composition of the governing board for the City of Dania Beach Retirement System for Police and Firefighters is 1 City commissioner, 2 active or DROP participant firefighters, 2 active or DROP participant police officers, 3 residents of the City and 1 other member voted on by these 8 appointed members.

Summary of Significant Accounting Policies

Basis of Accounting:

The Plans’ financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refund are recognized when due and payable in accordance with the terms of the Plan.

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CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

Method Used to Value Investments:

Plan investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Investments that do not have an establish market price are presented at estimated fair values as provided by the custodial bank and investment counsel. At October 1, 2015, the date of the latest actuarial valuation, the Plan's membership consisted of:

| | General Employees | Police and Firefighters |
|---|----------------------|----------------------------|
| Inactive plan members or their beneficiaries currently receiving benefits | 72 | 58 |
| Inactive plan members entitled to but not yet receiving benefits | - | - |
| DROP participants | - | 4 |
| Total | <u>72</u> | <u>62</u> |
| Active members | <u>20</u> | <u>28</u> |

Funding Policy

General Employee's Pension Plan

City ordinance establishes the contribution requirements of GEPP members and the City. City employee members are required to contribute 19.74% of their annual covered salary of which 16.08% is contributed by the City on behalf of the employee. Additionally, the City is required to contribute at an actuarially determined rate of 125.80% for the year ended September 30, 2016 bringing the combined total pension contribution rate to 141.88%. City and employee contributions for the year ended September 30, 2016 were \$1,523,254 and \$227,661 respectively.

The annual required contribution for the current year was determined based on an October 1, 2014 actuarial valuation date. The aggregate actuarial cost method is used to determine the annual required contribution of the employer for the Plan. Because the method does not identify or separately amortize unfunded actuarial liabilities, information about the Plan's funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and the information presented is intended to serve as a surrogate for the funded status and funding progress of the Plan. Significant actuarial assumptions used in the actuarial valuation include (i) a rate of return on the investment of present and future assets of 7.25% a year compounded annually, net of investment-related expenses, (ii) projected salary increases of 4.00% a year attributable to historical events, including inflation, merit and seniority, (iii) normal retirement at age 50, and 24 years of credited service or age 55 and 6 years of credited service and (iv) no post-retirement benefit increases. Both (i) and (ii) include an inflation component of 3.00%. The real rate of return over wage inflation is 4.00%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 5-year period.

Financial Reports - The GEPP does not issue a stand-alone financial report and is not included in the report of a public employee retirement system or a report of another entity. The Plan financial statements can be found within the Fiduciary Fund Financial statements contained within this report.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

Police and Firefighters Retirement System

Firefighters currently make contributions to the Plan at a rate equal to 24.6% of earnings. Police officers make contributions to the Plan at a rate equal to 7% of their annual covered salary. Firefighters hired prior to September 30, 2001 and those hired on or after October 1, 2001 contribute 2% and 6.46%, respectively, of their earnings through payroll deductions. The remaining employee contributions are made by the City of Dania Beach on the firefighters' behalf. Effective January 29, 2011 and amended September 25, 2013, the City of Dania Beach and the Broward County Sheriff's office agreed that for the year ending September 30, 2013 and for all future fiscal years as long as annual employer pension contribution are required, the Broward County Sheriff's office will contribute \$513,354 to both the City Fire Pension and the City General Employee Pension. The contributed amount of \$513,354 will be divided between the City Fire Pension and the City General Employee Pension by \$497,927 and \$15,427 respectively. In the event the annual required employer pension is less than \$513,354 in any fiscal year; the Broward County Sheriff's office annual required employer contribution shall be the lesser amount.

The Broward County Sheriff's office refunds to the City of Dania Beach the amount that the Sheriff's office would have paid to the Florida Retirement System on behalf of those police officers who remained in the System. For the year ended September 30, 2016 no active police officers were participants in the plan. The entire 7% contribution for the police officers would be made entirely by the City of Dania Beach on the police officers' behalf if the City had any remaining active officers in the Plan. Additionally, the City/BSO is required to contribute an actuarially determined rate of 165.89% for firefighters in the fiscal year. For active participants, the Broward County Sheriff's office and City of Dania Beach make an annual contribution to the Plan in a percentage of pensionable wages determined by the actuary by taking into consideration the amounts contributed by employees and the state of Florida (the "State") under State law. City/BSO, Employee and State contributions for the year ended September 30, 2016 were \$5,537,300, \$644,675 and \$446,780, respectively.

Eligibility - Eligible for the Plan are the firefighters of the City of Dania Beach and certain police officers that were formerly employed by the City of Dania Beach but now are employed by the Broward County Sheriff's Office. As of October 1, 1988, the police officers of the City of Dania Beach became employees of the Broward County Sheriff's Office pursuant to a service agreement dated August 30, 1988 between the City of Dania Beach and the Sheriff of Broward County. As of January 29, 2011, the firefighters of the City of Dania Beach also became employees of the Broward County Sheriff's Office. The Plan became closed to new participants at that time. The plan covers 28 active employees as well as 62 retirees and beneficiaries currently receiving benefits.

Benefits - Normal Retirement Benefit - Police officers who have attained fifty-five years of age and completed ten years of continuous service and firefighters who have attained age 55 and completed 8 years of continuous service may retire with normal retirement benefits. Either firefighters or police officers that have completed twenty-five years of continuous service, regardless of age, may retire with normal retirement benefits. The monthly retirement benefit for firefighter members retiring before October 1, 1989, and for police officers who retire before October 1, 1991, shall equal 2.5% of average monthly earnings for each of the first thirty years of continuous service and 2% of average monthly earnings for each year of continuous service in excess of thirty-seven and one-half years, subject to a maximum of 100% of average monthly earnings. Average monthly earnings are defined as one twenty-fourth of the arithmetic average of earnings for the highest consecutive twenty-four month period preceding the member's date of termination.

The monthly retirement benefit for firefighter members retiring after October 1, 1989, and for police officers who retire after October 1, 1991, shall equal 3% of average monthly earnings for each of the first twenty-five years of continuous service and 2% of average monthly earnings for each year of continuous service in excess of thirty-seven and one-half years, subject to a maximum of 100% of average monthly earnings. The monthly retirement benefit for firefighter members retiring on or after January 1, 1999, shall equal 3% of average monthly earnings for each of the first fifteen years of continuous service and 4% of average monthly earnings for each of the next ten years of continuous service and 2% of average monthly

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

Police and Firefighters Retirement System (Continued)

earnings for each year of continuous service in excess of thirty-seven and one-half years, subject to a maximum of 100% of average monthly earnings.

Early Retirement Benefit - Early retirement date shall be when a member completes twenty years of continuous service or both attains fifty years of age and completes eight years of continuous service. A member retiring on or after his early retirement date but before his normal retirement date shall receive their normal retirement benefits actuarially reduced to take into account the member's younger age and the earlier commencement of retirement income payments, but not by more than 3% for each year the retiree is younger than the normal retirement age.

Disability retirement - Any member who receives a service-connected injury, disease or disability, which injury, disease or disability permanently incapacitates the member, physically or mentally from the member's regular and continuous duties as a firefighter or police officer shall receive a monthly disability benefit equal to the greater of the member's accrued retirement benefit or 68% of the member's average monthly earnings in effect as of the date of disability for a disabled firefighter and the greater of the member's accrued retirement benefit or 60% of the member's average monthly earnings in effect as of the date of disability for a disabled police officer. The disability shall be paid until recovery from disability or if the member does not recover, death. Any member with one year of continuous service who receives a non-service connected injury, disease or disability, and which injury, disease or disability permanently incapacitates him physically or mentally from gainful employment shall receive in equal monthly installments a benefit of not less than the members accrued retirement benefit or 25% of their average monthly earnings as follows:

| | |
|------------------------|-----|
| With less than 2 years | 40% |
| With less than 3 years | 45% |
| With less than 4 years | 50% |
| With less than 5 years | 55% |
| With 5 or more years | 60% |

Pre-retirement death - A death benefit of the benefits otherwise payable at early or normal retirement but not less than 40% of average monthly earnings is payable to the member's designated beneficiary if a member dies in the performance of services. In addition, a benefit of 7.5% of average monthly earnings is paid to each of the member's dependent children. The total death benefits to be paid to designated beneficiary and children shall not exceed 75% of average monthly earnings. For members who die while not on active duty, the Plan provides a benefit otherwise payable at early or normal retirement but not less than 35% of average monthly earnings and 7.5% for the designated beneficiary and dependent children, respectively. The total non-service-related death benefits for designated beneficiary and children shall not exceed 50% of average monthly earnings.

These non-service incurred benefits are payable only until recovery as determined by the board or ten years certain and death thereafter for firefighter members or death for police officers.

Deferred Retirement Option Plan - A member may enter in the DROP Plan after twenty-five but less than 30 years of credited service. The maximum duration of participation in the DROP shall be limited to seven years. Election into the DROP Plan is voluntary; however the election is irrevocable once DROP payments begin. Members will cease to accrue a benefit and will not be eligible for disability or pre-retirement death benefits once the DROP election is made. Monthly normal retirement benefits that would be paid to members upon date of retirement are paid into the DROP account while the member is able to continue employment with the city.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

Police and Firefighters Retirement System (Continued)

Health insurance subsidy - All firefighter retirees and firefighter survivors receiving benefits shall be eligible for an annual health insurance subsidy equal to 75% of the prior year's actuarial gain allocable to firefighters, firefighter retirees and firefighter survivors remaining after the annual cost of living adjustments are applied. 75% of any increase in the percentage of covered payroll received by the City of Dania Beach pursuant to section 175.121, Florida Statutes, over the amount received by the City in 1997 shall be defined as the "available actuarial gain". The available actuarial gain for a fiscal year is to be used to subsidize up to one year's payments for retiree health insurance due from each firefighter retiree and firefighter survivor who receives benefits from the system to cover one-third of the premium cost for such insurance or 100% of the cost if enough funds are made available. Should the available actuarial gain not be fully expended by the subsidy, then the balance together with any unexpended available actuarial gain from prior years shall be accrued by the retirement system. DROP participants shall receive credit for any such future benefits paid while participating in the DROP, but not for the health insurance subsidy.

The Police and Firefighters Retirement System issues a stand alone financial report which may be obtained from the plan administrator at 113 SW 1st Street, Dania Beach FL 33004.

Net Pension Liability, Pension Expense and Deferred Outflows and Inflows of Resources

At September 30, 2016, the City reported a net pension liability in the GEPP of \$7,309,674 and in the P&F Plan of \$28,440,080. The net pension liabilities for both plans were measured as of September 30, 2015, and the total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation as of October 1, 2014. The City's net pension liability was based on the City's 2015-16 fiscal year contributions relative to the 2014-15 fiscal year contributions of all participating members. Components of the Plans' net pension liabilities are as follows:

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CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

| | General Employee's | Police and Firefighter's |
|---|-----------------------|-----------------------------|
| A. Total pension liability | | |
| Service cost | \$ 245,645 | \$ 1,145,724 |
| Interest on the total plan liability | 1,796,159 | 4,171,246 |
| Changes of benefit terms | - | |
| Difference between expected and actual experience of the total pension liability | (648,964) | 392,918 |
| Change of assumptions | 604,864 | 1,666,373 |
| Benefit payments | (1,545,461) | (3,803,361) |
| Refunds | - | - |
| Other (change in State and health insurance reserves | - | 435,428 |
| Net change in total pension liability | \$ 452,243 | \$ 4,008,328 |
| Total pension liability-beginning | 26,186,497 | 58,290,382 |
| Total pension liability-ending | <u>\$ 26,638,740</u> | <u>62,298,710</u> |
| B. Plan fiduciary net position | | |
| Contributions - City | \$ 1,387,882 | \$ 3,776,003 |
| Contributions - State | - | 441,891 |
| Contributions - Employee (includes buyback contributions and picked up member contributions | 218,073 | 788,964 |
| Net investment income | (425,789) | (197,718) |
| Benefit payments | (1,545,461) | (3,803,361) |
| Refunds | - | - |
| Pension plan administrative expense | (77,849) | (141,008) |
| Net change in plan fiduciary net position | \$ (443,144) | \$ 864,771 |
| Plan fiduciary net position - beginning | 19,772,210 | 32,993,859 |
| Plan fiduciary net position - ending | <u>\$ 19,329,066</u> | <u>\$ 33,858,630</u> |
| C. Net pension liability | <u>\$ 7,309,674</u> | <u>\$ 28,440,080</u> |
| D. Plan fiduciary net position as a percentage of total pension liability | 72.56% | 54.35% |
| E. Covered employee payroll | \$ 1,108,089 | \$ 2,970,618 |
| F. Net pension liability as a percentage of covered employee payroll | 659.66% | 957.38% |

Component of the Plans' expense are as follows:

| | General Employee's | Police and Firefighter's |
|---|-----------------------|-----------------------------|
| Service cost | \$ 245,645 | \$ 1,145,724 |
| Interest on the total plan liability | 1,796,159 | 4,171,246 |
| Employee contributions | (218,073) | (788,964) |
| Projected earnings on plan investments | (1,383,447) | (2,430,570) |
| Pension plan administrative expense | 77,849 | 141,008 |
| Change in State and health insurance reserves and present value of buybacks | - | 435,428 |
| Recognition of outflow (inflow) of resources due to liabilities | (44,100) | 2,649,072 |
| Recognition of outflow (inflow) of resources due to assets | 366,098 | 488,467 |
| Total pension expense | <u>\$ 840,131</u> | <u>\$ 5,811,411</u> |

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

For the fiscal year ended September 30, 2016, the City recognized pension expense in the GEPP of \$840,131 and in the P&F Plan of \$5,811,411. These expenses are reported as part of general government and public safety within the functional program of activities. In addition the City reported deferred outflows of resources and deferred inflows of resources related to pension plans from the following sources.

| | General Employees | | Police and Firefighters | |
|--|----------------------------------|---------------------------------|----------------------------------|---------------------------------|
| | Deferred Outflow of Resources | Deferred Inflow of Resources | Deferred Outflow of Resources | Deferred Inflow of Resources |
| Difference between expected and actual experience | \$ - | \$ - | \$ 130,973 | \$ - |
| Change of assumptions | - | - | 555,458 | - |
| Net difference between projected and actual earnings on pension plan investments | 1,460,141 | - | 2,102,630 | 111,573 |
| City pension plan contributions subsequent to the measurement date | 1,523,254 | - | 5,984,080 | - |
| Total | \$ 2,983,395 | \$ - | \$ 8,773,141 | \$ 111,573 |

The deferred outflows of resources related to the Pension Plans, totaling \$1,523,254 and \$5,984,080 resulting from City contributions to the GEPP and the P&F Plan respectively subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

| Fiscal Year End September 30: | General Employees | Police and Firefighters |
|----------------------------------|----------------------|----------------------------|
| 2017 | \$ 366,098 | \$ 1,174,898 |
| 2018 | 366,098 | 488,467 |
| 2019 | 366,097 | 488,467 |
| 2020 | 361,848 | 525,656 |
| 2021 | - | - |
| Thereafter | - | - |
| Total | \$ 1,460,141 | \$ 2,677,488 |

Actuarial Assumptions

The total pension liability in the October 1, 2014 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement date of September 30, 2015

Methods and Assumptions Used to Determine the total pension liability:

Police and Firefighters

Actuarial Cost Method: Entry Age Normal

Amortization Method: N/A

Remaining Amortization Period: N/A

Asset Valuation Method: 5-year smoothed market

Inflation: 3.0%

Salary Increases: 6.0%

Investment Rate of Return 7.00%

Retirement Age Experience-based table of rates that are specific to the type of eligibility condition.

Mortality RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected to all future years after 2000 using Scale BB.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

General Employees

Actuarial cost method: Entry Age Normal
Amortization method: N/A
Remaining Amortization period: N/A
Inflation: 3.0%
Salary Increases: 4.00%
Investment Rate of Return: 6.75%
Retirement Age Experience-based table of rates that are specific to the type of eligibility condition.
Mortality RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvements projected to all future years after 2000. using Scale AA.

Discount Rate

The discount rate used to measure the total pension liability was 6.75% and 7.00% for the GEPP and P&F plans respectively. This single discount rate was based on the expected rate of return on Pension Plan investments of 6.75% and 7.00% for the GEPP and P&F plan, respectively. The projection of cash flows used to determine this single discount rate assumed that Plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments (6.75% and 7.00% for the GEPP and P&F plan, respectively) was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following represents the City's proportionate share of the net pension liability calculated using the discount rates of 6.75% and 7.00% for the GEP and P&F Plans respectively, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate Schedule of Investment Returns

| | <u>1% decrease</u> | <u>Current Single Discount Assumption</u> | <u>1% increase</u> |
|-------------------------|--------------------|---|--------------------|
| | 6.00% | 7.00% | 8.00% |
| Police and Firefighters | \$ 35,926,091 | \$ 28,440,080 | \$ 22,212,780 |

| | <u>1% decrease</u> | <u>Current Single Discount Assumption</u> | <u>1% increase</u> |
|-------------------|--------------------|---|--------------------|
| | 5.75% | 6.75% | 7.75% |
| General Employees | \$ 10,012,868 | \$ 7,309,674 | \$ 5,035,078 |

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 11 – FLORIDA RETIREMENT SYSTEM

General Information

The City previously elected to participate in the Florida Retirement System (“FRS”). All general employees hired after March 1, 2006 participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (“Pension Plan”) and the Retiree Health Insurance Subsidy (“HIS Plan”). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (“Investment Plan”) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (“SBA”). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, City government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site: www.dms.myflorida.com/workforce_operations/retirement/publications

Plan Description

The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (“DROP”) for eligible employees.

Benefits Provided

Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers’ class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 11 – FLORIDA RETIREMENT SYSTEM (Continued)

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2015 through June 30, 2016 and from July 1, 2016 through September 30, 2016, respectively, were as follows: Regular - 7.26% and 7.52%; Special Risk Administrative Support - 32.95% and 28.06%; Special Risk - 22.04% and 22.57%; Senior Management Service - 21.43% and 21.77%; Elected Officers' - 42.27% and 42.47%; and DROP participants - 18.75% and 12.99%. These employer contribution rates include 1.26% and 1.66% HIS Plan subsidy for the periods October 1, 2015 through June 30, 2016 and from July 1, 2016 through September 30, 2016, respectively.

The City's contributions to the Pension Plan totaled \$338,361 for the fiscal year ended September 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2016, the City reported a liability of \$3,503,415 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The City's proportionate share of the net pension liability was based on the City's 2015-16 fiscal year contributions relative to the 2014-15 fiscal year contributions of all participating members. At June 30, 2016, the City's proportionate share was 0.01387 percent, which was a decrease of 0.0057 percent from its proportionate share measured as of June 30, 2015.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 11 – FLORIDA RETIREMENT SYSTEM (Continued)

For the fiscal year ended September 30, 2016, the City recognized pension expense of \$534,197 (collective) as well as employer specific expenses of \$165,430. In addition the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | \$ 268,248 | \$ 32,619 |
| Change in assumptions | 211,946 | - |
| Net difference between projected and actual earnings on pension plan investments | 905,590 | - |
| Changes in proportion and differences between City pension plan contributions | 624,030 | 67,157 |
| City pension plan contributions subsequent to the measurement date | 120,548 | - |
| Total | <u>\$ 2,130,362</u> | <u>\$ 99,776</u> |

The deferred outflows of resources related to the Pension Plan, totaling \$120,547 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

| Fiscal Year Ending September 30, | Amount |
|--|---------|
| 2017 | 351,822 |
| 2018 | 351,822 |
| 2019 | 704,877 |
| 2020 | 436,065 |
| 2021 | 52,988 |
| Thereafter | 12,463 |

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement

| | |
|---------------------------|--|
| Inflation | 2.60 % |
| Salary increases | 3.25%, average, including inflation |
| Investment rate of return | 7.60%, net of pension plan investment expense, including inflation |

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 11 – FLORIDA RETIREMENT SYSTEM (Continued)

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. Further information can be found in the FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 7.60%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.60%) or one percentage point higher (8.60%) than the current rate:

| | 1% Decrease 6.60% | Current Discount Rate 7.60% | 1% Increase 8.60% |
|--|----------------------|-----------------------------------|----------------------|
| City's proportionate share of the net pension liability | \$ 6,450,024 | \$ 3,503,415 | \$ 1,050,752 |

Pension Plan Fiduciary Net Position

Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

HIS Plan

Plan Description

The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided

For the fiscal year ended September 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 11 – FLORIDA RETIREMENT SYSTEM (Continued)

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2015, the HIS contribution for the period October 1, 2015 through June 30, 2016 and from July 1, 2016 through September 30, 2016 was 1.26% and 1.66%, respectively. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City's contributions to the HIS Plan totaled \$87,944 for the fiscal year ended September 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2016, the City's reported a liability of \$1,999,653 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The City's proportionate share of the net pension liability was based on the City's 2015-16 fiscal year contributions relative to the 2014-15 fiscal year contributions of all participating members. At June 30, 2016, the City's proportionate share was .017157629 percent, which was an increase of .001157679% percent from its proportionate share measured as of June 30, 2015.

For the fiscal year ended September 30, 2016, the City recognized pension expense of \$209,073, which included employer specific expenses of \$42,928. In addition the City reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | \$ - | \$ 4,554 |
| Change in assumptions | 313,796 | - |
| Net difference between projected and actual earnings on pension plan investments | 1,011 | - |
| Changes in proportion and differences between City pension plan contributions | 223,996 | - |
| City pension plan contributions subsequent to the measurement date | 25,096 | - |
| Total | \$ 563,899 | \$ 4,554 |

The deferred outflows of resources related to the HIS Plan, totaling \$563,899 resulting from City contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to the HIS Plan will be recognized in pension expense as follows:

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 11 – FLORIDA RETIREMENT SYSTEM (Continued)

| Fiscal Year Ending September 30, | Amount |
|--|-----------|
| 2017 | \$ 98,484 |
| 2018 | 98,484 |
| 2019 | 98,291 |
| 2020 | 98,199 |
| 2021 | 9,283 |
| Thereafter | 61,509 |

Actuarial Assumptions – The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------|-------------------------------------|
| Inflation | 2.60 % |
| Salary increases | 3.25%, average, including inflation |
| Municipal bond rate | 2.85 % |

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate

The discount rate used to measure the total pension liability was 2.85%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 2.85%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.85%) or one percentage point higher (3.85%) than the current rate:

| | 1% Decrease 1.85% | Current Discount Rate 2.85% | 1% Increase - |
|---|----------------------|-----------------------------------|------------------|
| City's proportionate share of the net pension liability | \$ 2,294,054 | \$ 1,999,651 | \$ 1,755,312 |

Pension Plan Fiduciary Net Position

Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

The system's CAFR and the actuarial valuation reports are available online at:
http://www.dms.myflorida.com/workforce_operations/retirement/publications.

Payables to the Pension Plan

The City reported no payables for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2016.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB No. 45 requires employer governments to account for and report the annual costs of other postemployment benefits in the same manner as they do for pensions. The City recognizes the cost of postemployment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

Plan Description

The Employee Health Benefit Plan (the "Plan") is fully insured by a third party on behalf of the City. Coverage under the Plan is a benefit available to retirees of the City and their eligible dependents. On July 28, 2009, the City adopted ordinance 2009-010 creating the Other Post-Employment Benefits Trust Fund, a single employer post-employment benefit plan, in accordance with Florida Statutes Chapter 115. The City entered into a master trust agreement with Florida Municipal Pensions Trust Fund ("FMPTF"), a pooled trust fund established to provide retirement and other post-employment benefit plan administration.

As of October 1, 2015, the date of the latest actuarial valuation, employee membership data related to the Plan was as follows:

| | |
|------------------------------|------------|
| <u>Current retirees:</u> | |
| Under age 65 | 57 |
| Over age 65 | 31 |
| Dependents | 58 |
| Total current retirees | <u>146</u> |
| <u>Active employees:</u> | |
| Under age 65 | 81 |
| Over age 65 | 4 |
| Total active employees | <u>85</u> |
| Total number of participants | <u>231</u> |

Financial Reports

The Plan does not issue a stand-alone financial report and is not included in the report of a public employee retirement system or a report of another entity. However the financial statements are included in the Fiduciary Funds Financial Statements contained in this report.

Actuarial Methods

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Although the valuation results are based on values the actuarial consultant believes are reasonable assumptions, the valuation result is only an estimate of what future costs may actually be and reflect a long-term perspective. Deviations in any of several factors, such as future interest rate discounts, medical cost inflation, Medicare coverage risk and changes in marital status, could result in actual costs being greater or less than estimated.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer plan members to the point. The actuarial methods and assumptions used include techniques that are designed to reduce those effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following table provides information concerning actuarial methods and assumptions:

| | |
|-------------------------|---|
| Measurement date: | Benefits liabilities are valued as of October 1, 2015. Costs and liabilities have been rolled forward from the previous full valuation as of October 1, 2014. |
| Actuarial cost method: | Project unit credit |
| Valuation method: | Market value |
| Discount rate: | 6.00% |
| Assumed inflation rate: | 2.50% |
| Mortality rates: | Males- RP 2000 system table with floating scale AA projections Females - RP 2000 System with floating scale AA projections Employee mortality is projected to valuation year plus 15 years Annuitant mortality is projected to valuation year plus 7 years |
| Retirement rates: | Firefighters are assumed to retire at age 55 General employees are assumed to retire no later than 65 |
| Medical inflation: | Pre 65 between 6.20% (2015) and 5.80% (2029) Post 64 between 6.90% (2015) and 5.30% (2029) |

Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits when earned and determined annually by the City's actuary. Pay-as-you-go financing is paid by the City and plan members and is accounted for in the City's General Fund. For the year ended September 30, 2015, the City made no contributions to the OPEB plan. It is the City's intent to base future OPEB Trust contributions on the actuarially determined annual required contribution (ARC) less pay-as-you-go financing; however, no future Trust contributions are legally or contractually required. The City shares the insurance premium costs by subsidizing two-thirds of the cost. Retiree plan members are responsible for the remaining portion. The contribution requirements of plan members are established and may be amended by the City Commission.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

For the year ended September 30, 2016, the City's annual other post-employment benefit (OPEB) costs were as follows:

| | |
|------------------------------------|------------------------|
| Interest on net OPEB obligation | \$ (80,609) |
| Annual required contribution (ARC) | 1,036,853 |
| Adjustment to ARC | 97,603 |
| Annual OPEB cost | <u>1,053,847</u> |
| Estimated contributions made | (982,376) |
| Change in net OPEB asset | <u>71,471</u> |
| Net OPEB asset, beginning of year | (1,343,491) |
| Net OPEB asset , end of year | <u>\$ (1,272,020)</u> |

| Fiscal Year Ended | Discount rate | Annual OPEB Cost | Percentage of OPEB Cost Contributed | Net OPEB Obligation (Asset) |
|-------------------|---------------|------------------|-------------------------------------|-----------------------------|
| 9/30/2014 | 6.00% | \$1,200,480 | 87.5% | \$ (1,422,253) |
| 9/30/2015 | 6.00% | 1,058,371 | 92.6% | (1,343,491) |
| 9/30/2016 | 6.00% | 1,053,847 | 93.2% | (1,272,020) |

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded Accrued Liability (UAAL) (b)-(a) | Funded Ratio (a)/(b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b-a)/(c) |
|--------------------------|-------------------------------|---------------------------------------|---|----------------------|----------------------|--|
| 10/1/2015 | \$7,497,228 | \$ 20,189,421 | \$12,692,193 | 37.1% | \$4,881,158 | 260.02% |

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 13 - PRIOR PERIOD ADJUSTMENT

The City recorded the following prior period adjustments to reflect internal due to due from accounts that were previously not recorded on the books. The impact at the government-wide level will increase governmental activities net position by \$293,389 and decrease business-type activities by \$293,389.

| | General Fund | CRA Fund | Marina | Total |
|--|----------------------|-------------------|---------------------|----------------------|
| Fund balance as previously reported at September 30, 2015 | \$ 24,173,573 | \$ 1,697,182 | \$ 5,001,475 | \$ 30,087,223 |
| Remaining funds due to General Fund from Marina Fund after project completion which were not recorded as internal balances | 293,389 | | (293,389) | - |
| Loan from General Fund to CRA that was not reflected internally for a CRA project | 1,128,143 | (1,128,143) | - | - |
| Fund balance, restated | <u>\$ 25,595,105</u> | <u>\$ 569,039</u> | <u>\$ 4,708,086</u> | <u>\$ 30,872,230</u> |

NOTE 14 - PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED

GASB Statement No. 75, "Financial Reporting for Postemployment Benefit Plans Other Than Pensions." This Statement improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). The adoption of GASB 75 will require the City to record a material liability for the unfunded portion of its OPEB plan. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Management has not yet determined the effect that this Statement will have on the city's financial statements.

GASB Statement No. 77, "Tax Abatement Disclosures." This Statement improves financial reporting by providing users of financial statements access to information about tax abatements that is generally not publicly reported. It requires governments that enter into tax abatement agreements to disclose information about (1) the government's own tax abatement agreements and (2) those that are entered into by other governments and reduce the reporting government's tax revenues. It also requires governments that enter into tax abatement agreements to disclose other information about the agreements. The provisions of the Statement will be effective for the City beginning with its year ending September 30, 2017. Management has not yet determined the effect that this Statement will have on the city's financial statements.

GASB Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans." This Statement addresses a practice issue regarding the scope and applicability of GASB Statement No. 68. It amends the scope and applicability of GASB Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions to employees of state or local governmental employers or employees of employers that are not state or local governmental employers and (3) has no predominant state or local governmental employer. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2017. Management does not expect that this Statement will have any impact on the City's financial statements.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

NOTE 14 - PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED

GASB Statement No. 80, "*Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14.*" This Statement improves financial reporting by clarifying financial statement presentation requirements for certain component units and enhances the comparability of financial statements among governments. It amends the blending requirements established in paragraph 53 of Statement No. 14, "The Financial Reporting Entity," as amended. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2017. Management has not yet determined the effect that this Statement will have on the City's financial statements.

GASB Statement No. 81, "*Irrevocable Split-Interest Agreements.*" The objective of this statement is to improve accounting and financial reporting for irrevocable split interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this statement are effective for periods beginning after December 15, 2016. Management do not expect this statement will have any significant impact on the city's financial statements at this time.

GASB Statement No. 82 "*Pension Issues-An Amendment of GASB Statements No. 67, No. 68 and No. 73.*" The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements for the selection of assumptions are effective for the City in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Management have yet to determine the effect (if any) that this will have on the City's financial statements.

GASB Statement No. 83, "*Certain Asset Retirement Obligations.*" This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management have yet to determine the effect (if any) that this will have on the City's financial statements.

GASB Statement No. 84, "*Fiduciary Activities.*" The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. . The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management have yet to determine the effect (if any) that this will have on the City's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DANIA BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended September 30, 2016

| | Budgeted Amount | | | |
|--------------------------------------|-----------------|---------------|---------------|--------------|
| | Original | Final | Actual | Variance |
| REVENUES: | | | | |
| Property taxes | \$ 17,697,490 | \$ 17,697,490 | \$ 17,835,092 | \$ 137,602 |
| Special assessments | 5,710,594 | 5,710,594 | 5,821,427 | 110,833 |
| Franchise Fees | 2,648,748 | 2,648,748 | 2,571,950 | (76,798) |
| Utility Taxes | 3,565,037 | 3,565,037 | 3,627,385 | 62,348 |
| Licenses and permits | 1,339,285 | 1,339,285 | 1,188,054 | (151,231) |
| Intergovernmental | 4,950,181 | 5,396,961 | 5,428,609 | 31,648 |
| Charges for Services | 3,939,529 | 3,939,529 | 4,188,086 | 248,557 |
| Fines and forfeitures | 414,992 | 414,992 | 463,642 | 48,650 |
| Investment earnings (loss) | 71,589 | 71,589 | 230,963 | 159,374 |
| Miscellaneous | 1,733,921 | 1,733,921 | 110,072 | (1,623,849) |
| Total revenues | 42,071,366 | 42,518,146 | 41,465,280 | (1,052,866) |
| EXPENDITURES: | | | | |
| General government | | | | |
| Legislative | 439,899 | 490,649 | 453,507 | 37,142 |
| Executive: | | | | |
| City clerk | 282,657 | 282,657 | 287,110 | (4,453) |
| City manager | 689,473 | 644,236 | 593,164 | 51,072 |
| Finance and administration: | | | | |
| Human resources | 365,667 | 365,667 | 312,518 | 53,149 |
| Finance & info. systems | 1,782,636 | 1,792,136 | 1,690,897 | 101,239 |
| General services | 1,376,977 | 2,316,584 | (30,054) | 2,346,638 |
| Legal | 1,023,896 | 1,096,536 | 946,628 | 149,908 |
| Total general government | 5,961,205 | 6,988,465 | 4,253,770 | 2,734,695 |
| Public safety | | | | |
| Code enforcement | 661,328 | 659,528 | 641,048 | 18,480 |
| Police | 12,215,194 | 12,504,041 | 12,382,754 | 121,287 |
| Fire | 14,063,102 | 15,242,315 | 14,450,148 | 792,167 |
| Total public safety | 26,939,624 | 28,405,884 | 27,473,950 | 931,934 |
| Highways and streets | 2,112,838 | 2,525,654 | 2,227,821 | 297,833 |
| Physical environment | 4,647,936 | 4,812,335 | 4,556,130 | 256,205 |
| Community redevelopment | 745,315 | 817,059 | 650,565 | 166,494 |
| Culture and recreation | 2,849,634 | 3,010,479 | 2,737,957 | 272,522 |
| Total expenditures | 43,256,552 | 46,559,876 | 41,900,193 | 4,659,683 |
| Excess of revenues over expenditures | (1,185,186) | (4,041,730) | (434,913) | 3,606,817 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Appropriation of prior year reserves | 859,150 | 2,988,353 | - | (2,988,353) |
| Transfers in | 3,797,997 | 4,909,449 | 5,370,889 | 461,440 |
| Transfers out | (3,471,961) | (3,856,072) | (3,839,961) | 16,111 |
| Total other financing sources (uses) | 1,185,186 | 4,041,730 | 1,530,928 | (2,510,802) |
| Net change in fund balances | \$ - | \$ - | \$ 1,096,015 | \$ 1,096,015 |

CITY OF DANIA BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GRANT FUND
For the Year Ended September 30, 2016

| | Budgeted Amount Original and Final | Actual | Variance |
|--|---------------------------------------|--------------------|--------------------|
| REVENUES | | | |
| Intergovernmental | \$ 737,648 | \$ 531,213 | \$ (206,435) |
| Total revenues | <u>737,648</u> | <u>531,213</u> | <u>(206,435)</u> |
| EXPENDITURES | | | |
| Public safety | 395,138 | 395,138 | - |
| Highways and streets | <u>332,598</u> | <u>141,075</u> | <u>191,523</u> |
| Total expenditures | <u>727,736</u> | <u>536,213</u> | <u>191,523</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>9,912</u> | <u>(5,000)</u> | <u>(14,912)</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers in | 7,500 | - | (7,500) |
| Transfers out | <u>(17,412)</u> | <u>(17,412)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(9,912)</u> | <u>(17,412)</u> | <u>(7,500)</u> |
| Net change in fund balances | <u>\$ -</u> | <u>\$ (22,412)</u> | <u>\$ (22,412)</u> |

CITY OF DANIA BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
COMMUNITY REDEVELOPMENT AGENCY FUND
For the Year Ended September 30, 2016

| | Budgeted Amount Original and Final | Actual | Variance |
|--|---------------------------------------|-----------|-------------|
| REVENUES | | | |
| Licenses and permits | \$ - | \$ 50,620 | \$ 50,620 |
| Investment earnings (loss) | 2,000 | 9,284 | 7,284 |
| Intergovernmental | 376,048 | - | (376,048) |
| Miscellaneous | 110,000 | 117,240 | 7,240 |
| Total revenues | 488,048 | 177,144 | (310,904) |
| EXPENDITURES | | | |
| Community redevelopment | 2,673,527 | 1,056,138 | 1,617,389 |
| Total expenditures | 2,673,527 | 1,056,138 | 1,617,389 |
| Excess (deficiency) of revenues over (under) expenditures | (2,185,479) | (878,994) | 1,306,485 |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers in | 2,990,697 | 1,319,170 | (1,671,527) |
| Transfers out | (805,218) | (429,170) | 376,048 |
| Total other financing sources (uses) | 2,185,479 | 890,000 | (1,295,479) |
| Net change in fund balances | \$ - | \$ 11,006 | \$ 11,006 |

CITY OF DANIA BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULE
For the Year Ended September 30, 2016

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

(a) The City Manager submits to the Commission a proposed operating budget for the ensuing fiscal year. The operating budget includes appropriations and the means of financing them with an explanation regarding each expenditure that is not of a routine nature.

(b) Public hearings are conducted to obtain taxpayer comments.

(c) Prior to October 1, the annual budget is legally adopted through passage of a resolution.

(d) The City Commission, by motion may make supplemental appropriations to the budget. During the year ended September 30, 2016, there were no such supplemental appropriations for expenditures and transfers out of the General Fund.

(e) Formal budgetary integration is employed as a management control device for the General Fund.

(f) The Annual Budgets for the General Fund, Capital Projects Fund, Building Permit Fund, Community Redevelopment Agency Fund and Debt Service Fund are legally adopted on a basis consistent with generally accepted accounting principles (GAAP).

(g) Annual budgets are prepared for the Grants Fund, Donations Fund, the Tree Preservation Fund, the Perpetual Care Fund, the IT Parker Fund and the Law Enforcement Fund and RAC Traffic Mitigation Fund but they are not legally adopted.

(h) The City Manager is authorized to transfer part or all of an encumbered appropriation balance within departments within a fund; however, any revisions that alter the total appropriations of any department or fund must be approved by the City Commission. The Classification detail at which expenditures may not legally exceed appropriations is at the departmental level.

CITY OF DANIA BEACH
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Florida Retirement System
Last 10 Fiscal Years*

| | <u>2016</u> | | <u>2015</u> | | <u>2014**</u> |
|---|--------------|----|-------------|----|---------------|
| City's proportion of the net pension liability (asset) | 0.01387% | | 0.01444% | | - |
| City's proportionate share of the net pension liability (asset) | \$ 3,503,415 | \$ | 1,865,110 | \$ | 1,341,034 |
| City's covered-employee payroll | 5,656,364 | | 4,881,158 | | 4,323,045 |
| City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 61.94% | | 38.21% | | 31.02% |
| Plan fiduciary net position as a percentage of the total pension liability | 84.88% | | 92% | | 96.09% |

* The amounts presented for each fiscal year were determined as of 6/30.

** Information prior to 2014 is not available.

CITY OF DANIA BEACH
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
Florida Retirement System
Last 10 Fiscal Years*

| | <u>2016</u> | <u>2015</u> | <u>2014**</u> |
|--|-------------|-------------|---------------|
| Contractually required contribution | \$ 338,361 | 352,058 | \$ 283,505 |
| Contributions in relation to the contractually required contribution | 338,361 | 352,058 | 283,505 |
| Contribution deficiency (excess) | - | - | - |
| City's covered-employee payroll | 5,656,364 | 4,881,158 | 4,323,045 |
| Contributions as a percentage of covered-employee payroll | 5.98% | 7.21% | 6.56% |

* The amounts presented for each fiscal year were determined as of 6/30.

** Information prior to 2014 is not available.

CITY OF DANIA BEACH
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Health Insurance Subsidy Plan
Last 10 Fiscal Years*

| | 2016 | 2015 | 2014** |
|--|-------------|--------------|---------------|
| City's proportion of the net pension liability (asset) | 0.01716% | 0.01600% | 0.01492% |
| City's proportionate share of the net pension liability (asset) \$ | 1,999,651 | \$ 1,631,743 | \$ 1,395,192 |
| City's covered-employee payroll | 5,656,364 | 4,881,158 | 4,323,045 |
| City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 35.35% | 33.43% | 32.27% |
| Plan fiduciary net position as a percentage of the total pension liability | 0.97% | 0.50% | 0.99% |

* The amounts presented for each fiscal year were determined as of 6/30.

** Information prior to 2014 is not available.

CITY OF DANIA BEACH
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
Health Insurance Subsidy Plan
Last 10 Fiscal Years*

| | <u>2016</u> | | <u>2015</u> | | <u>2014**</u> |
|--|-------------|----|-------------|----|---------------|
| Contractually required contribution | \$ 87,944 | \$ | 61,162 | \$ | 51,116 |
| Contributions in relation to the contractually required contribution | 87,944 | | 61,162 | | 51,116 |
| Contribution deficiency (excess) | - | | - | | - |
| City's covered-employee payroll | 5,656,364 | | 4,881,158 | | 4,323,045 |
| Contributions as a percentage of covered-employee payroll | 1.55% | | 1.25% | | 1.18% |

* The amounts presented for each fiscal year were determined as of 6/30.

** Information prior to 2014 is not available.

CITY OF DANIA BEACH
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years as of September 30,

Police and Firefighters' Pension Plan

| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Contractually required contribution | 5,729,245 | 3,967,948 | 2,987,487 | 2,283,943 | 1,876,694 | 1,330,774 | 1,246,516 | 1,191,837 | 1,134,502 | 1,055,904 |
| Contributions in relation to the contractually required contribution | 5,729,245 | 3,967,948 | 2,987,487 | 2,283,943 | 1,876,694 | 1,225,373 | 1,246,516 | 1,191,837 | 1,134,502 | 1,055,904 |
| Contribution deficiency (excess) | | - | - | - | - | 105,401 | - | - | - | - |
| Covered-employee payroll contributions as a percentage of covered-employee payroll | 218.62% | 131.35% | 99.49% | 75.64% | 67.58% | 27.54% | 30.00% | 32.31% | 33.43% | 33.13% |

General Employees' Pension Plan

| | | | | | | | | | | |
|--|-----------|-----------|-----------|-----------|---------|---------|---------|---------|---------|---------|
| Contractually required contribution | 1,523,254 | 1,387,882 | 1,123,817 | 1,364,774 | 961,045 | 887,150 | 683,091 | 595,676 | 547,027 | 632,162 |
| Contributions in relation to the contractually required contribution | 1,523,254 | 1,387,882 | 1,123,817 | 1,328,825 | 961,045 | 887,150 | 683,091 | 595,676 | 547,027 | 632,162 |
| Contribution deficiency (excess) | - | - | - | 35,949 | - | - | - | - | - | - |
| Covered-employee payroll contributions as a percentage of covered-employee payroll | 130.40% | 121.82% | 103.41% | 122.77% | 72.82% | 52.70% | 33.46% | 23.41% | 19.29% | 20.50% |

CITY OF DANIA BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
POLICE AND FIREFIGHTERS' PENSION PLAN
SCHEDULES OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY
AND RELATED RATIOS
For the Year Ended September 30,

| | 2016 | 2015 | 2014 |
|---|----------------------|----------------------|----------------------|
| Total pension liability | | | |
| Service cost | \$ 1,226,373 | \$ 1,145,724 | \$ 1,067,760 |
| Interest | 4,337,463 | 4,171,246 | 3,944,144 |
| Difference between actual and expected experience | 1,314,433 | 392,918 | (23,067) |
| Assumption changes | (1,436,329) | 1,666,373 | 2,894,544 |
| Benefit payments | (3,122,665) | (3,803,361) | (2,922,426) |
| Other (increase in state and health insurance reserves) and present value of buybacks) | 1,994,483 | 435,428 | 210,585 |
| Net change in total pension liability | 4,313,758 | 4,008,328 | 5,171,540 |
| Total pension liability -Beginning | 62,298,710 | 58,290,382 | 53,118,842 |
| Total pension liability -Ending (a) | \$ 66,612,468 | \$ 62,298,710 | \$ 58,290,382 |
| Plan fiduciary net position | | | |
| Contributions - employer | 5,537,300 | 3,776,003 | 2,795,542 |
| Contributions - employer (from State) | 446,780 | 441,891 | 466,381 |
| Contributions - member | 644,675 | 730,772 | 745,561 |
| Net investment income | 2,582,275 | (197,718) | 2,435,693 |
| Benefit payments | (3,122,665) | (3,803,361) | (2,922,426) |
| Administrative expense | (160,786) | (141,008) | (135,697) |
| Other (buybacks net of payments towards buyback balances) | 966,824 | 58,192 | 173,969 |
| Net change in plan fiduciary net position | 6,894,403 | 864,771 | 3,559,023 |
| Plan fiduciary net position - beginning | 33,858,630 | 32,993,859 | 29,434,836 |
| Plan fiduciary net position - ending (b) | \$ 40,753,033 | \$ 33,858,630 | \$ 32,993,859 |
| Net pension liability -ending (a) - (b) | \$ 25,859,435 | \$ 28,440,080 | \$ 25,296,523 |
| Plan fiduciary net position as a percentage of total pension liability | 61.18% | 54.35% | 56.60% |
| Covered employee payroll | \$ 2,620,630 | \$ 3,020,808 | \$ 3,002,671 |
| Net pension liability as a percentage of covered employee payroll | 986.76% | 941.47% | 842.47% |

CITY OF DANIA BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL EMPLOYEE'S PENSION PLAN
SCHEDULES OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY
AND RELATED RATIOS
For the Year Ended September 30,

| | | 2015* | 2014 |
|---|-----------|-------------------|-------------------|
| Total pension liability | | | |
| Service cost | \$ | 245,645 | 237,731 |
| Interest | | 1,796,159 | 1,788,524 |
| Benefit Changes | | - | - |
| Difference between actual and expected experience | | (648,964) | (46,534) |
| Assumption changes | | 604,864 | 593,408 |
| Benefit payments | | (1,545,461) | (1,643,035) |
| Net change in total pension liability | | 452,243 | 930,094 |
| Total pension liability -Beginning | | 26,186,497 | 25,256,403 |
| Total pension liability -Ending (a) | \$ | 26,638,740 | 26,186,497 |
| Plan fiduciary net position | | | |
| Contributions - employer | | 1,387,882 | 1,123,817 |
| Contributions - member | | 218,073 | 214,524 |
| Net investment income | | (425,789) | 1,330,113 |
| Benefit payments | | (1,545,461) | (1,643,035) |
| Administrative expense | | (77,849) | (90,200) |
| Net change in plan fiduciary net position | | (443,144) | 935,219 |
| Plan fiduciary net position - beginning | | 19,772,210 | 18,836,991 |
| Plan fiduciary net position - ending (b) | \$ | 19,329,066 | 19,772,210 |
| Net pension liability -ending (a) - (b) | \$ | 7,309,674 | 6,414,287 |
| Plan fiduciary net position as a percentage of total pension liability | | 72.56% | 75.51% |
| Covered employee payroll | \$ | 1,108,089 | 1,086,708 |
| Net pension liability as a percentage of covered employee payroll | | 659.66% | 590.25% |

*2016 Not available

CITY OF DANIA BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS AND CONTRIBUTIONS

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL)*(b) | Unfunded Actuarial Accrued Liabilities (UAAL)** (b-a) | Covered Payroll (c) | UAAL as a % of Covered Payroll | Funded Ratio (a)/(b) |
|--------------------------------|-------------------------------------|--|---|------------------------|---|-------------------------|
| 10/1/2013 | \$ 6,929,822 | \$ 21,989,244 | \$ 15,059,422 | \$ 4,285,608 | 351.40% | 31.51% |
| 10/1/2014 | 7,065,769 | 19,895,952 | 12,830,183 | 4,881,158 | 262.85% | 35.51% |
| 10/1/2015 | 7,497,228 | 20,189,421 | 12,692,193 | 5,656,364 | 224.39% | 37.13% |

* Actuarial Accrued Liability determined under the projected unit credit cost method.

** Actuarial Accrued Liability less Actuarial Value of Assets.

| Year Ended September 30, | Annual Required Contribution | Percentage Contributed (Estimated) |
|--------------------------------|------------------------------------|--|
| 2014 | \$ 1,180,594 | 89% |
| 2015 | 1,040,381 | 94.10% |
| 2016 | 1,036,853 | 94.70% |

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources or to finance specified activities as required by law or administrative regulation. The City's Special Revenue Funds and their purposes are:

Donations Fund - Accounts for contributions from local civic organizations for the administration of cultural and recreational activities within the City.

Perpetual Care Fund – Accounts for contributions from local civic organizations for the administration of cultural and recreational activities within the City.

Tree Preservation Fund – Accounts for the collection of tree removal fees to be used for the preservation, maintenance, relocation, or restoration of tree ecosystems.

Law Enforcement Trust Fund – Accounts for funds received from forfeitures, to be used for the police equipment, training or crime prevention programs.

Building Permit Fund - Accounts for monies received from the issuance of building permits.

RAC Traffic Mitigating Fund – Accounts for a transportation mitigation fee for new development in the Regional Activity Center.

Payment in lieu of Parking Fund – Accounts for funds generated by developers used to support the provision of parking structures and facilities.

CITY OF DANIA BEACH, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2016

| | Special Revenue Funds | | | | | | | Total Nonmajor |
|---|-----------------------|-------------------|-------------------|-------------------|---------------------|------------------------|----------------------------|-----------------------------------|
| | Donations | Perpetual Care | Tree Preservation | Law Enforcement | Building Permit | RAC Traffic Mitigation | Payment In-Lieu of Parking | Total Nonmajor Governmental Funds |
| ASSETS: | | | | | | | | |
| Current Assets | | | | | | | | |
| Cash, cash equivalents and investments | \$ 17,410 | \$ 543,171 | \$ 353,306 | \$ 216,352 | \$ 1,659,977 | \$ 3,955 | \$ 6,500 | \$ 2,800,671 |
| Receivables, net | | | | | | | | |
| Customer / other, net | - | 450 | - | - | - | - | - | 450 |
| Total assets | <u>17,410</u> | <u>543,621</u> | <u>353,306</u> | <u>216,352</u> | <u>1,659,977</u> | <u>3,955</u> | <u>6,500</u> | <u>2,801,121</u> |
| LIABILITIES AND FUND BALANCES: | | | | | | | | |
| Liabilities | | | | | | | | |
| Accounts payable and accrued liabilities | - | - | 27,697 | - | 335,678 | - | - | 363,375 |
| Due to other funds | - | - | - | - | 2,656 | - | - | 2,656 |
| Due to other governmental agencies | - | - | - | - | 40,615 | - | - | 40,615 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>27,697</u> | <u>-</u> | <u>378,949</u> | <u>-</u> | <u>-</u> | <u>406,646</u> |
| Fund balance | | | | | | | | |
| Restricted | | | | | | | | |
| Public safety | - | - | - | 216,352 | - | 3,955 | - | 220,307 |
| Building code costs | - | - | - | - | 1,348,809 | - | - | 1,348,809 |
| Committed for: | | | | | | | | |
| Maintenance of cemeteries | - | 543,621 | - | - | - | - | - | 543,621 |
| Capital projects | 17,410 | - | - | - | - | - | 6,500 | 23,910 |
| Tree preservation | - | - | 325,609 | - | - | - | - | 325,609 |
| Unassigned (deficit) | - | - | - | - | (67,781) | - | - | (67,781) |
| Total fund balances (deficit) | <u>17,410</u> | <u>543,621</u> | <u>325,609</u> | <u>216,352</u> | <u>1,281,028</u> | <u>3,955</u> | <u>6,500</u> | <u>2,394,475</u> |
| Total liabilities, deferred inflows and fund balances | <u>\$ 17,410</u> | <u>\$ 543,621</u> | <u>\$ 353,306</u> | <u>\$ 216,352</u> | <u>\$ 1,659,977</u> | <u>\$ 3,955</u> | <u>\$ 6,500</u> | <u>\$ 2,801,121</u> |

CITY OF DANIA BEACH, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2016

| | Special Revenue Funds | | | | | | | Total Nonmajor Governmental Funds |
|---|-----------------------|----------------|-------------------|-----------------|-----------------|------------------------|----------------------------|-----------------------------------|
| | Donations | Perpetual Care | Tree Preservation | Law Enforcement | Building Permit | RAC Traffic Mitigation | Payment In-Lieu of Parking | |
| REVENUES: | | | | | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - | \$ 2,132,061 | \$ 2,998 | \$ 6,500 | \$ 2,141,559 |
| Charges for Services | - | 31,500 | - | - | - | - | - | 31,500 |
| Fines and forfeitures | - | - | - | 49,041 | - | - | - | 49,041 |
| Investment earnings (loss) | - | 3,189 | - | 113 | 9,846 | - | - | 13,148 |
| Miscellaneous | - | - | 151,169 | - | 2,055 | - | - | 153,224 |
| Total revenues | - | 34,689 | 151,169 | 49,154 | 2,143,962 | 2,998 | 6,500 | 2,388,472 |
| EXPENDITURES: | | | | | | | | |
| Debt Service | | | | | | | | |
| Public safety | - | - | - | 45,182 | - | - | - | 45,182 |
| Highways and streets | - | - | 60,337 | - | - | - | - | 60,337 |
| Community redevelopment | - | - | - | - | 2,047,975 | - | - | 2,047,975 |
| Total expenditures | - | - | 60,337 | 45,182 | 2,047,975 | - | - | 2,153,494 |
| Excess (deficiency) of revenues over expenditures | - | 34,689 | 90,832 | 3,972 | 95,987 | 2,998 | 6,500 | 234,978 |
| OTHER FINANCING SOURCES (USES): | | | | | | | | |
| Transfers out | - | (54,495) | - | - | (483,492) | - | - | (537,987) |
| Total other financing sources (uses) | - | (54,495) | - | - | (483,492) | - | - | (537,987) |
| Net change in fund balances | - | (19,806) | 90,832 | 3,972 | (387,505) | 2,998 | 6,500 | (303,009) |
| FUND BALANCES, beginning of year | 17,410 | 563,427 | 234,777 | 212,380 | 1,668,533 | 957 | - | 2,697,484 |
| FUND BALANCES, end of year | \$ 17,410 | \$ 543,621 | \$ 325,609 | \$ 216,352 | \$ 1,281,028 | \$ 3,955 | \$ 6,500 | \$ 2,394,475 |

NONMAJOR ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that costs of providing goods and services to the general public on a continuing basis be financed or recovered determination of revenues earned, expenses incurred, and /or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City maintains two nonmajor enterprise funds.

Parking Fund: to account for revenues and expenses of the City's parking-related operations. The Parking Fund includes all parking costs of the City's beach and marina parking areas as well as operation of the City's downtown parking garage facility and future on-street metered parking. Annual expenses include parking compliance staff and automotive equipment, equipment and banking collection costs, direct costs of collection equipment and facility insurance and allocation of the City's common administrative costs.

Pier Fund: To account for revenues and expenses of the City's public Pier that is located at Dania beach on the Atlantic Ocean. The Pier Fund includes revenues and expenses from Pier areas open for public fishing and spectator access; it does not reflect rental operations of the City's restaurant facility located at the Pier entrance. Annual expenses include contracted staffing, direct merchandise sales, equipment and bank collection costs and an allocation of the City's common administrative costs.

CITY OF DANIA BEACH, FLORIDA
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
September 30, 2016

| | Parking | Pier Operations | Total Non-Major Proprietary Funds |
|--|--------------|--------------------|--|
| ASSETS: | | | |
| Current Assets: | | | |
| Cash, cash equivalents and investments | \$ 2,685,451 | \$ 37,193 | \$ 2,722,644 |
| Due from other governments | 28,019 | - | 28,019 |
| Total current assets | 2,713,470 | 37,193 | 2,750,663 |
| Noncurrent assets: | | | |
| Capital assets being depreciated, net | 114,954 | 11,422 | 126,376 |
| Total noncurrent assets | 114,954 | 11,422 | 126,376 |
| Total assets | 2,828,424 | 48,615 | 2,877,039 |
| DEFERRED OUTFLOW | | | |
| Deferred outflows - pensions | 173,654 | - | 173,654 |
| Total deferred outflow | 173,654 | - | 173,654 |
| LIABILITIES AND NET ASSETS: | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | 22,736 | 15,549 | 38,285 |
| Due to other funds | 937 | - | 937 |
| Due to other governmental agencies | 273,790 | 2,071 | 275,861 |
| Deposits payable | 9,090 | - | 9,090 |
| Total current liabilities | 306,553 | 17,620 | 324,173 |
| Noncurrent liabilities: | | | |
| Compensated absences-current | 4,028 | - | 4,028 |
| Compensated absences | 22,826 | - | 22,826 |
| Total noncurrent liabilities | 26,854 | - | 26,854 |
| Net pension liability | 354,690 | - | 354,690 |
| Total liabilities | 688,097 | 17,620 | 705,717 |
| DEFERRED INFLOW | | | |
| Revenues | 6,325 | - | 6,325 |
| Pensions | 6,724 | - | 6,724 |
| Total deferred inflow | 13,049 | - | 13,049 |
| NET ASSETS | | | |
| Net investment in capital assets | 114,954 | 11,422 | 126,376 |
| Unrestricted | 2,185,978 | 19,573 | 2,205,551 |
| Total net position | \$ 2,300,932 | \$ 30,995 | \$ 2,331,927 |

CITY OF DANIA BEACH, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENSES, and
 CHANGES IN NET POSITION
 NONMAJOR PROPRIETARY FUNDS
 For the year Ended September 30, 2016

| | Parking | Pier Operations | Total Non-Major Proprietary Funds |
|---------------------------------|----------------------------|-------------------------|--|
| OPERATING REVENUES: | | | |
| Charges for services | \$ 1,378,063 | \$ 268,694 | \$ 1,646,757 |
| Fines and forfeitures | 307,004 | - | 307,004 |
| Miscellaneous | - | 208,061 | 208,061 |
| Total operating revenues | <u>1,685,067</u> | <u>476,755</u> | <u>2,161,822</u> |
| OPERATING EXPENSES: | | | |
| Operations and maintenance | 556,449 | 459,831 | 1,016,280 |
| Depreciation | <u>17,095</u> | <u>3,765</u> | <u>20,860</u> |
| Total operating expenses | <u>573,544</u> | <u>463,596</u> | <u>1,037,140</u> |
| Operating income | <u>1,111,523</u> | <u>13,159</u> | <u>1,124,682</u> |
| TRANSFERS: | | | |
| Transfers out | <u>(654,741)</u> | <u>(57,836)</u> | <u>(712,577)</u> |
| Total transfers | <u>(654,741)</u> | <u>(57,836)</u> | <u>(712,577)</u> |
| Change in net position | 456,782 | (44,677) | 412,105 |
| NET POSITION, beginning of year | <u>1,844,150</u> | <u>75,672</u> | <u>1,919,822</u> |
| NET POSITION, end of year | <u><u>\$ 2,300,932</u></u> | <u><u>\$ 30,995</u></u> | <u><u>\$ 2,331,927</u></u> |

CITY OF DANIA BEACH, FLORIDA
STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
For the Year Ended September 30, 2016

| | Parking | Pier Operations | Total Nonmajor Proprietary Funds |
|--|--------------|--------------------|--|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Receipts from customers and users | \$ 1,694,127 | \$ 476,755 | \$ 2,170,882 |
| Payments to employees | (353,054) | - | (353,054) |
| Payments to suppliers | (174,384) | (487,268) | (661,652) |
| Net cash provided by (used in) operating activities | 1,166,689 | (10,513) | 1,156,176 |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | | |
| Cash provided from (to) other funds | (667,909) | (58,136) | (726,045) |
| Net cash (used in) non-capital financing activities | (667,909) | (58,136) | (726,045) |
| Net increase (decrease) in cash and cash equivalents | 498,780 | (68,649) | 430,131 |
| CASH AND CASH EQUIVALENTS, beginning of year | 2,186,671 | 105,842 | 2,292,513 |
| CASH AND CASH EQUIVALENTS, end of year | \$ 2,685,451 | \$ 37,193 | \$ 2,722,644 |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES: | | | |
| Operating income | \$ 1,111,523 | \$ 13,159 | \$ 1,124,682 |
| Adjustments to reconcile operating income to net cash provided by (used in) operating activities: | | | |
| Provision for depreciation | 17,095 | 3,766 | 20,861 |
| (Increase) decrease in: | | | |
| Deferred outflows | (76,788) | - | (76,788) |
| Increase (decrease) in: | | | |
| Accounts payable and accrued liabilities | (5,917) | (27,438) | (33,355) |
| Deposits | 9,060 | | 9,060 |
| Other liabilities | | | |
| Deferred inflows | (22,987) | - | (22,987) |
| Net pension liability | 129,307 | - | 129,307 |
| Compensated absences | 5,396 | - | 5,396 |
| Total adjustments | 55,166 | (23,672) | 31,494 |
| Net cash provided by (used in) operating activities | \$ 1,166,689 | \$ (10,513) | \$ 1,156,176 |

TRUST FUNDS

Pension Trust Funds

Trust funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and/or funds. The City has two Pension trust funds:

General Employees' Pension Fund – To account for the accumulation of resources to be used for retirement benefit payments to the City's general employees.

Police and Firefighters' Pension Fund – To account for the accumulation of resources to be used for retirement benefit payments to the City's police officers and firefighters.

OPEB Trust Fund - To account for the accumulation of resources to be used for other post-employment benefit payments on behalf of the City's employees. Resources are contributed by the City at rates determined by the City's actuary.

CITY OF DANIA BEACH, FLORIDA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PENSION TRUST FUNDS
 September 30, 2016

| | General Employees Pension | Police and Firefighters Pension | Other Post- Employment Benefits | Total |
|--|---------------------------------|---------------------------------------|---------------------------------------|----------------------|
| ASSETS: | | | | |
| Cash and money market funds | \$ 92,821 | \$ 2,838,362 | \$ - | \$ 2,931,183 |
| Investments, at fair value: | | | | |
| Common stocks | 11,983,661 | 17,608,715 | - | 29,592,376 |
| Mutual funds | 1,242,884 | 5,900,344 | 7,497,228 | 14,640,456 |
| Corporate and foreign bonds | 2,252,282 | 2,684,114 | - | 4,936,396 |
| Partership/Joint venture | 1,446,392 | - | - | 1,446,392 |
| Real estate | - | 5,047,652 | - | 5,047,652 |
| Government securities | 3,218,282 | 5,098,941 | - | 8,317,223 |
| Total investments | 20,143,501 | 36,339,766 | 7,497,228 | 63,980,495 |
| Receivables: | | | | |
| State contributions | - | 24,718 | - | 24,718 |
| Employee contributions | 27,699 | 29,611 | - | 57,310 |
| Employer contributions | 201,557 | 141,019 | - | 342,576 |
| Accrued interest receivable | 70,548 | 44,538 | - | 115,086 |
| Loans to DROP participants | 10,455 | 1,366,411 | - | 1,376,866 |
| Total receivables | 310,259 | 1,606,297 | - | 1,916,556 |
| Prepays | - | 15,395 | - | 15,395 |
| Total assets | 20,546,581 | 40,799,820 | 7,497,228 | 68,843,629 |
| LIABILITIES: | | | | |
| Accounts payable | - | 46,787 | - | 46,787 |
| Total liabilities | - | 46,787 | - | 46,787 |
| NET POSITION: | | | | |
| Net position restricted for DROP benefits | 1,311,530 | 1,023,539 | - | 2,335,069 |
| Net position restricted for defined benefits | 19,235,051 | 39,729,494 | 7,497,228 | 66,461,773 |
| | <u>\$ 20,546,581</u> | <u>\$ 40,753,033</u> | <u>\$ 7,497,228</u> | <u>\$ 68,796,842</u> |

CITY OF DANIA BEACH, FLORIDA
 COMBINING STATEMENT OF CHANGES TO FIDUCIARY NET POSITION
 PENSION TRUST FUNDS
 September 30, 2016

| | General Employees Pension | Police and Firefighters Pension | Other Post- Employment Benefits | Total |
|--|---------------------------------|---------------------------------------|---------------------------------------|---------------|
| ADDITIONS: | | | | |
| Contributions: | | | | |
| Employees | \$ 227,661 | \$ 644,675 | \$ - | \$ 872,336 |
| Employer | 1,523,254 | 5,537,300 | - | 7,060,554 |
| Buybacks | - | 1,739,648 | - | 1,739,648 |
| State | - | 446,780 | - | 446,780 |
| Total contributions | 1,750,915 | 8,368,403 | - | 10,119,318 |
| Investment income: | | | | |
| Net appreciation in fair value of investments | 884,486 | 1,954,722 | (362,384) | 2,476,824 |
| Interest and dividends | 382,187 | 835,642 | 821,045 | 2,038,874 |
| Total investment income | 1,266,673 | 2,790,364 | 458,661 | 4,515,698 |
| Investment expenses | (124,347) | (213,248) | - | (337,595) |
| Net investment income | 1,142,326 | 2,577,116 | 458,661 | 4,178,103 |
| Other income | 49,453 | 5,159 | - | 54,612 |
| Total additions | 2,942,694 | 10,950,678 | 458,661 | 14,352,033 |
| DEDUCTIONS: | | | | |
| Pension benefits paid | 1,640,067 | 3,895,489 | - | 5,535,556 |
| Administrative expenses | 84,542 | 160,786 | - | 245,328 |
| Total deductions | 1,724,609 | 4,056,275 | - | 5,780,884 |
| Change in net position | 1,218,085 | 6,894,403 | 458,661 | 8,571,149 |
| Net position - beginning | 19,328,496 | 33,858,630 | 7,038,567 | 60,225,693 |
| Net position - ending | \$ 20,546,581 | \$ 40,753,033 | \$ 7,497,228 | \$ 68,796,842 |

CITY OF DANIA BEACH, FLORIDA
BUDGETARY COMPARISON SCHEDULE
BUILDING PERMIT FUND
For the Year Ended September 30, 2016

| | <u>Budgeted Amount</u> | | <u>Actual</u> | <u>Variance</u> |
|--|------------------------|------------------|---------------------|---------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Licenses and permits | \$ 2,997,500 | \$ 2,997,500 | \$ 2,141,906 | \$ (855,594) |
| Miscellaneous revenues | <u>3,000</u> | <u>3,000</u> | <u>2,055</u> | <u>(945)</u> |
| Total revenues | <u>3,000,500</u> | <u>3,000,500</u> | <u>2,143,961</u> | <u>(856,539)</u> |
| EXPENDITURES | | | | |
| General government | <u>2,517,008</u> | <u>2,519,408</u> | <u>1,980,191</u> | <u>539,217</u> |
| Total expenditures | <u>2,517,008</u> | <u>2,519,408</u> | <u>1,980,191</u> | <u>539,217</u> |
| Excess (deficiency) of revenues over expenditures | <u>483,492</u> | <u>481,092</u> | <u>163,770</u> | <u>(317,322)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Appropriation of prior year reserves | - | 2,400 | - | (2,400) |
| Transfers out | <u>(483,492)</u> | <u>(483,492)</u> | <u>(483,492)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(483,492)</u> | <u>(481,092)</u> | <u>(483,492)</u> | <u>(2,400)</u> |
| Excess (deficiency) in revenues over expenditures | \$ <u>-</u> | \$ <u>-</u> | \$ <u>(319,722)</u> | \$ <u>(319,722)</u> |

CITY OF DANIA BEACH, FLORIDA
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
For the Year Ended September 30, 2016

| | <u>Budgeted Amount</u> | | <u>Actual</u> | <u>Variance</u> |
|--|------------------------|--------------|---------------|-----------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Investment earnings | \$ - | \$ - | \$ 595 | \$ 595 |
| Total revenues | - | - | 595 | 595 |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| Principal | 824,206 | 824,206 | 659,064 | 165,142 |
| Interest and fiscal charges | 427,145 | 445,145 | 181,797 | 263,348 |
| Debt issuance costs | - | - | 43,444 | (43,444) |
| Total expenditures | 1,251,351 | 1,269,351 | 884,305 | 385,046 |
| Excess (deficiency) of revenues over expenditures | (1,251,351) | (1,269,351) | (883,710) | 385,641 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Refunded bonds issued | - | - | 2,881,909 | (2,881,909) |
| Payment to refund bond escrow agent | - | - | (2,856,565) | (2,856,565) |
| Transfers in | 1,251,351 | 1,269,351 | 1,269,351 | - |
| Total other financing sources (uses) | 1,251,351 | 1,269,351 | 1,294,695 | 25,344 |
| Net change in fund balance | \$ - | \$ - | \$ 410,985 | \$ 410,985 |

CITY OF DANIA BEACH, FLORIDA
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
For the Year Ended September 30, 2016

| | <u>Budgeted Amount</u> | | <u>Actual</u> | <u>Variance</u> |
|--|------------------------|--------------------|-----------------------|-----------------------|
| | <u>Original</u> | <u>Final</u> | | |
| EXPENDITURES | | | | |
| General government | \$ 200,000 | \$ 622,877 | \$ 187,876 | \$ 435,001 |
| Highways and streets | 265,000 | 731,507 | 408,289 | 323,218 |
| Culture and recreation | 525,000 | 2,381,150 | 667,918 | 1,713,232 |
| Total expenditures | <u>990,000</u> | <u>3,735,534</u> | <u>1,264,083</u> | <u>2,471,451</u> |
| Excess (deficiency) of revenues over expenditures | <u>(990,000)</u> | <u>(3,735,534)</u> | <u>(1,264,083)</u> | <u>(2,471,451)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | - | (1,094,040) | (1,094,040) | - |
| Appropriations from prior year reserves | - | 3,452,251 | - | (3,452,251) |
| Transfers in | <u>990,000</u> | <u>1,377,323</u> | <u>1,340,000</u> | <u>(37,323)</u> |
| Total other financing sources (uses) | <u>-</u> | <u>3,735,534</u> | <u>245,960</u> | <u>(3,489,574)</u> |
| Net change in fund balance | \$ <u>-</u> | \$ <u>-</u> | \$ <u>(1,018,123)</u> | \$ <u>(1,018,123)</u> |

STATISTICAL SECTION

CITY OF DANIA BEACH, FLORIDA

STATISTICAL SECTION

For the Year Ended September 30, 2016

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

| CONTENTS | PAGES |
|--|---------|
| Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time | 101-106 |
| Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes. | 107-110 |
| Debt Capacity These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future | 111-115 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader Understand the environment within which the City's financial activities take place and To help make comparisons over time and with other governments | 116-117 |
| Operating Information These schedules contain information about the City's operations and resources to help The reader understand how the City's financial information relates to the services the City provides and the activities it performs | 118-120 |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF DANIA BEACH, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

TABLE 1

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|----------------------|----------------------|
| GOVERNMENTAL ACTIVITIES: | | | | | | | | | | |
| Net investment in capital assets | \$ 31,017,715 | \$ 33,549,856 | \$ 32,183,331 | \$ 36,452,629 | \$ 36,656,751 | \$ 39,096,333 | \$ 42,228,983 | \$ 37,188,106 | \$ 35,872,543 | \$ 35,651,910 |
| Restricted | 10,865,600 | 7,143,153 | 2,731,011 | 3,575,974 | 2,262,284 | 2,534,322 | 3,242,162 | 2,496,639 | 3,218,810 | 2,761,211 |
| Unrestricted | 18,555,658 | 23,916,145 | 31,361,264 | 28,265,537 | 25,366,659 | 23,978,864 | 22,886,462 | 27,902,454 | 6,163,046 | 7,077,800 |
| Total governmental activities net position | <u>60,438,973</u> | <u>64,609,154</u> | <u>66,275,606</u> | <u>68,294,140</u> | <u>64,285,694</u> | <u>65,609,519</u> | <u>68,357,607</u> | <u>67,587,199</u> | <u>45,254,399</u> | <u>45,490,921</u> |
| BUSINESS-TYPE ACTIVITIES: | | | | | | | | | | |
| Net investment in capital assets | 14,894,916 | 14,772,216 | 17,305,168 | 20,685,775 | 22,529,051 | 19,997,679 | 20,527,954 | 25,368,100 | 23,941,609 | 23,740,182 |
| Restricted | 4,281,063 | 4,284,941 | 3,238,789 | 2,955,589 | 3,239,786 | 2,911,547 | 3,195,927 | 2,557,073 | 4,300,285 | 2,027,747 |
| Unrestricted | 4,885,005 | 5,444,242 | 5,066,334 | 3,513,512 | 6,980,922 | 10,864,400 | 9,774,194 | 16,455,631 | 16,768,701 | 21,253,404 |
| Total business-type activities net position | <u>24,060,984</u> | <u>24,501,399</u> | <u>25,610,291</u> | <u>27,154,876</u> | <u>32,749,759</u> | <u>33,773,626</u> | <u>33,498,075</u> | <u>44,380,804</u> | <u>45,010,595</u> | <u>47,021,333</u> |
| PRIMARY GOVERNMENT | | | | | | | | | | |
| Net investment in capital assets | 45,912,631 | 48,322,072 | 49,488,499 | 57,138,404 | 59,185,802 | 59,094,012 | 62,756,937 | 62,556,206 | 59,814,152 | 59,392,092 |
| Restricted | 15,146,663 | 11,428,094 | 5,969,800 | 6,531,563 | 5,502,070 | 5,445,869 | 6,438,090 | 5,053,712 | 7,519,095 | 4,788,958 |
| Unrestricted | 23,440,663 | 29,360,387 | 36,427,598 | 31,779,049 | 32,347,581 | 34,843,264 | 32,660,655 | 44,358,085 | 22,931,747 | 28,331,204 |
| Total primary government net position | <u>\$ 84,499,957</u> | <u>\$ 89,110,553</u> | <u>\$ 91,885,897</u> | <u>\$ 95,449,016</u> | <u>\$ 97,035,453</u> | <u>\$ 99,383,145</u> | <u>\$ 101,855,682</u> | <u>\$ 111,968,003</u> | <u>\$ 90,264,994</u> | <u>\$ 92,512,254</u> |

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CITY OF DANIA BEACH, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

TABLE 2

| Fiscal Year | | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| EXPENSES: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 8,146,290 | \$ 8,874,100 | \$ 9,040,937 | \$ 8,147,507 | \$ 9,167,195 | \$ 8,741,494 | \$ 7,404,873 | \$ 6,097,585 | \$ 6,112,551 | \$ 6,337,517 |
| Public safety | 16,739,064 | 17,651,948 | 19,672,196 | 20,775,149 | 22,604,730 | 22,030,147 | 22,673,356 | 24,070,777 | 25,400,964 | 28,314,440 |
| Highways and streets | 2,620,652 | 2,710,987 | 2,780,790 | 2,250,950 | 1,616,983 | 1,795,574 | 2,165,939 | 2,454,846 | 2,717,458 | 3,346,142 |
| Physical environment | 2,416,031 | 2,493,452 | 2,208,629 | 2,812,528 | 3,019,840 | 2,905,797 | 3,133,648 | 3,846,522 | 3,774,582 | 3,915,075 |
| Culture and recreation | 307,745 | 3,503,091 | 3,148,906 | 3,284,918 | 3,912,623 | 3,663,648 | 3,253,312 | 3,299,230 | 3,147,016 | 3,934,643 |
| Community redevelopment | - | 231,915 | 661,950 | 1,318,685 | 1,688,410 | 1,513,049 | 3,808,510 | 3,298,782 | 3,539,737 | 3,928,473 |
| Interest expense | 645,326 | 605,738 | 548,514 | 503,330 | 675,607 | 620,546 | 962,465 | 484,334 | 208,425 | 317,545 |
| Total governmental activities expenses | 30,875,108 | 36,071,231 | 38,061,922 | 39,093,067 | 42,685,388 | 41,270,255 | 43,402,103 | 43,552,076 | 44,900,733 | 50,093,835 |
| Business-type activities: | | | | | | | | | | |
| Water | 2,580,820 | 4,305,175 | 2,683,359 | 2,981,620 | 3,000,283 | 4,086,778 | 3,884,997 | 3,947,252 | 4,117,523 | 4,138,087 |
| Sewer | 3,317,021 | 2,544,161 | 3,775,635 | 4,525,526 | 4,662,042 | 5,120,193 | 5,345,282 | 4,422,730 | 3,693,787 | 4,561,554 |
| Stormwater | 742,391 | 730,298 | 845,123 | 850,813 | 904,739 | 1,315,519 | 1,010,648 | 904,203 | 877,269 | 1,052,413 |
| Parking | - | - | - | 2,791 | 481,255 | 227,461 | 273,966 | 340,574 | 548,092 | 573,544 |
| Pier operations | - | - | - | - | 63,279 | 243,403 | 330,729 | 275,754 | 415,719 | 463,596 |
| Marina operations | - | - | - | - | - | - | 169,614 | 351,774 | 718,044 | 827,467 |
| Total business-type activities expenses | 6,640,232 | 7,579,634 | 7,304,117 | 8,360,750 | 9,111,598 | 10,993,354 | 11,015,236 | 10,242,287 | 10,370,434 | 11,616,661 |
| Total primary government expenses | \$ 37,515,340 | \$ 43,650,865 | \$ 45,366,039 | \$ 47,453,817 | \$ 51,796,986 | \$ 52,263,609 | \$ 54,417,339 | \$ 53,794,363 | \$ 55,271,167 | \$ 61,710,496 |
| PROGRAM REVENUES: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 3,392,159 | \$ 3,229,456 | \$ 4,342,675 | \$ 3,394,372 | \$ 3,339,702 | \$ 3,948,721 | \$ 3,714,622 | \$ 3,440,054 | \$ 4,550,523 | \$ 3,370,035 |
| Community redevelopment | - | - | - | - | - | - | - | - | - | 57,120 |
| Public safety | 3,644,256 | 3,894,694 | 4,138,761 | 3,829,501 | 5,089,902 | 5,286,026 | 5,297,301 | 6,824,324 | 6,656,338 | 7,314,079 |
| Highways and streets | 390,453 | 437,157 | 448,821 | 449,083 | 36,487 | 26,973 | - | - | 957 | 2,998 |
| Physical environment | 1,934,499 | 1,901,323 | 1,904,643 | 2,134,197 | 1,843,507 | 1,904,606 | 2,037,219 | 2,012,046 | 2,064,089 | 2,512,473 |
| Culture and recreation | 807,790 | 431,859 | 360,097 | 285,498 | 293,613 | 403,927 | 128,635 | 121,649 | 240,469 | 164,541 |
| Operating grants and contributions | 1,311,215 | 448,122 | 279,490 | 330,046 | 739,742 | 866,809 | 265,678 | 486,672 | 1,001,165 | 395,138 |
| Capital grants and contributions | 662,682 | 166,553 | 650 | 3,263,346 | 320,526 | 525,236 | 603,553 | 4,895,611 | 205,326 | 136,075 |
| Total governmental activities program revenues | 12,143,054 | 10,509,164 | 11,475,137 | 13,686,043 | 11,663,479 | 12,962,298 | 12,047,008 | 17,780,356 | 14,513,541 | 13,952,459 |

CITY OF DANIA BEACH, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(continued)

TABLE 2 (Cont'd)

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water | 3,395,399 | 3,392,757 | 3,700,510 | 4,259,810 | 4,905,537 | 5,335,472 | 5,479,402 | 5,518,175 | 5,619,733 | 5,550,941 |
| Sewer | 3,320,400 | 3,783,524 | 4,199,198 | 4,814,985 | 5,325,944 | 6,285,784 | 6,771,028 | 7,035,606 | 6,653,703 | 6,651,066 |
| Stormwater | 822,662 | 1,102,906 | 998,697 | 1,146,489 | 2,034,254 | 2,083,596 | 1,949,507 | 1,927,483 | 2,033,947 | 1,949,987 |
| Parking | - | - | - | - | 623,950 | 699,946 | 1,052,362 | 1,421,597 | 1,644,600 | 1,378,063 |
| Pier operations | - | - | - | - | 93,847 | 373,536 | 362,849 | 356,454 | 463,542 | 268,694 |
| Marina operations | - | - | - | - | - | - | 162,115 | 307,557 | 775,742 | 861,501 |
| Operating grants and contributions | - | - | - | - | - | - | - | - | - | - |
| Capital grants and contributions | - | - | - | - | 2,550,000 | - | - | - | - | - |
| Total business-type activities program revenues | 7,538,461 | 8,279,187 | 8,898,405 | 10,221,284 | 15,533,532 | 14,778,334 | 15,777,263 | 16,566,872 | 17,191,267 | 16,660,252 |
| Total primary government program revenue | <u>\$ 19,681,515</u> | <u>\$ 18,788,351</u> | <u>\$ 20,373,542</u> | <u>\$ 23,907,327</u> | <u>\$ 27,197,011</u> | <u>\$ 27,740,632</u> | <u>\$ 27,824,270</u> | <u>\$ 34,347,228</u> | <u>\$ 31,910,134</u> | <u>\$ 30,555,591</u> |
| NET EXPENSE/REVENUE: | | | | | | | | | | |
| Governmental activities | <u>\$ (21,501,354)</u> | <u>\$ (25,562,067)</u> | <u>\$ (26,586,785)</u> | <u>\$ (25,407,024)</u> | <u>\$ (31,021,909)</u> | <u>\$ (28,307,957)</u> | <u>\$ (31,355,094)</u> | <u>\$ (25,771,720)</u> | <u>\$ (30,181,866)</u> | <u>\$ (36,141,376)</u> |
| Business-type activities | <u>898,229</u> | <u>699,553</u> | <u>1,594,288</u> | <u>1,860,534</u> | <u>6,421,934</u> | <u>3,784,980</u> | <u>4,762,025</u> | <u>6,324,585</u> | <u>6,820,833</u> | <u>5,043,591</u> |
| Total primary government net expense | <u>(20,603,125)</u> | <u>(24,862,514)</u> | <u>(24,992,497)</u> | <u>(23,546,490)</u> | <u>(24,599,975)</u> | <u>(24,522,977)</u> | <u>(26,593,069)</u> | <u>(19,447,135)</u> | <u>(23,361,033)</u> | <u>(31,097,785)</u> |
| GENERAL REVENUES AND OTHER | | | | | | | | | | |
| CHANGES IN NET POSITION: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | 17,691,570 | 17,452,748 | 16,798,253 | 16,750,836 | 15,872,847 | 15,604,005 | 15,467,882 | 16,135,270 | 16,650,291 | 17,835,092 |
| Franchise fees | 2,311,503 | 2,306,262 | 2,282,918 | 2,068,527 | 2,123,895 | 2,238,321 | 2,292,448 | 2,619,934 | 2,614,609 | 2,571,950 |
| Utility taxes | 4,013,192 | 4,332,499 | 4,212,067 | 4,364,708 | 4,288,639 | 4,300,248 | 4,617,269 | 3,543,297 | 3,582,609 | 3,627,385 |
| Intergovernmental | 3,096,652 | 3,357,296 | 3,148,474 | 3,054,591 | 3,189,370 | 3,494,027 | 3,669,786 | 5,165,694 | 5,379,885 | 5,428,609 |
| Investment earnings | 1,973,323 | 1,561,622 | 813,306 | 512,983 | 126,727 | 183,364 | 81,131 | 63,049 | 111,579 | 253,495 |
| Miscellaneous | 195,941 | 233,861 | 455,861 | 334,933 | 563,009 | 1,029,975 | 3,393,790 | 2,020,684 | 1,898,046 | 2,987,140 |
| Transfers | 478,334 | 487,960 | 542,358 | 338,980 | 848,976 | 2,781,842 | 5,050,838 | (4,546,616) | 3,380,840 | 3,380,840 |
| Total governmental activities | <u>29,760,515</u> | <u>29,732,248</u> | <u>28,253,237</u> | <u>27,425,558</u> | <u>27,013,463</u> | <u>29,631,782</u> | <u>34,573,144</u> | <u>25,001,312</u> | <u>33,617,859</u> | <u>36,084,511</u> |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | 425,019 | 228,822 | 56,962 | 23,031 | 21,925 | 20,729 | 13,261 | 11,528 | 24,821 | 67,555 |
| Miscellaneous | - | - | - | - | - | - | - | - | - | 573,819 |
| Intergovernmental | - | - | - | - | - | - | - | - | - | - |
| Transfers | <u>(478,334)</u> | <u>(487,960)</u> | <u>(542,358)</u> | <u>(338,980)</u> | <u>(848,976)</u> | <u>(2,781,842)</u> | <u>(5,050,838)</u> | <u>4,546,616</u> | <u>(3,380,840)</u> | <u>(3,380,840)</u> |
| Total business-type activities | <u>(53,315)</u> | <u>(259,138)</u> | <u>(485,396)</u> | <u>(315,949)</u> | <u>(827,051)</u> | <u>(2,761,113)</u> | <u>(5,037,577)</u> | <u>4,558,144</u> | <u>(3,356,019)</u> | <u>(2,739,466)</u> |
| Total primary government general revenue | <u>29,707,200</u> | <u>29,473,110</u> | <u>27,767,841</u> | <u>27,109,609</u> | <u>26,186,412</u> | <u>26,870,669</u> | <u>29,535,567</u> | <u>29,559,456</u> | <u>30,261,840</u> | <u>33,345,045</u> |
| CHANGE IN NET POSITION: | | | | | | | | | | |
| Governmental activities | 8,259,161 | 4,170,181 | 1,666,452 | 2,018,534 | (4,008,446) | 1,323,825 | 3,218,048 | (770,408) | 3,435,993 | (56,865) |
| Business-type activities | <u>844,914</u> | <u>440,415</u> | <u>1,108,892</u> | <u>1,544,585</u> | <u>5,594,883</u> | <u>1,023,867</u> | <u>(275,551)</u> | <u>10,882,729</u> | <u>3,464,814</u> | <u>2,304,125</u> |
| Total primary government | <u>\$ 9,104,075</u> | <u>\$ 4,610,596</u> | <u>\$ 2,775,344</u> | <u>\$ 3,563,119</u> | <u>\$ 1,586,437</u> | <u>\$ 2,347,692</u> | <u>\$ 2,942,497</u> | <u>\$ 10,112,321</u> | <u>\$ 6,900,807</u> | <u>\$ 2,247,260</u> |

CITY OF DANIA BEACH, FLORIDA
FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

TABLE 3

| | Fiscal Year | | | | | | | | | |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| General Fund: | | | | | | | | | | |
| Reserved | \$ 5,693,502 | \$ 5,466,808 | \$ 2,974,916 | \$ 8,925,423 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | 21,487,742 | 20,591,407 | 23,291,728 | 13,177,602 | - | - | - | - | - | - |
| Nonspendable | - | - | - | - | 4,086,792 | 906,147 | 936,147 | 124,952 | 36,549 | 29,499 |
| Restricted | - | - | - | - | 411,886 | 329,498 | 635,544 | 699,319 | 860,150 | 541,405 |
| Committed | - | - | - | - | 913,808 | - | - | 125,051 | 128,567 | 397,856 |
| Assigned | - | - | - | - | 2,126,437 | 3,375,944 | 2,884,649 | 2,966,278 | 2,732,145 | 2,246,576 |
| Unassigned | - | - | - | - | 9,832,009 | 11,040,070 | 14,349,377 | 17,234,790 | 20,416,162 | 23,475,784 |
| Total General Fund | <u>\$ 27,181,244</u> | <u>\$ 26,058,215</u> | <u>\$ 26,266,644</u> | <u>\$ 22,103,025</u> | <u>\$ 17,370,932</u> | <u>\$ 15,651,659</u> | <u>\$ 18,805,717</u> | <u>\$ 21,150,390</u> | <u>\$ 24,173,573</u> | <u>\$ 26,691,120</u> |
| All other government funds: | | | | | | | | | | |
| Reserved | \$ 9,942,726 | \$ 8,804,438 | \$ 5,177,509 | \$ 3,217,527 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in | | | | | | | | | | |
| Special revenue funds | - | - | (100,210) | (1,277,415) | - | - | - | - | - | - |
| Capital projects funds | - | - | 4,506,476 | 4,757,542 | - | - | - | - | - | - |
| Restricted | | | | | 1,850,398 | 2,204,824 | 1,495,442 | 1,797,320 | 1,797,320 | 2,456,989 |
| Committed | - | - | - | - | 694,796 | 2,482,732 | 1,836,528 | 2,591,068 | 2,591,068 | 893,140 |
| Assigned | - | - | - | - | 5,180,507 | 7,686,301 | 6,367,074 | 4,618,785 | 4,618,785 | - |
| Unassigned | - | - | - | - | 1,226,673 | (1,970,335) | (2,983,873) | (180,049) | (180,049) | (178,991) |
| Total all other governmental funds | <u>\$ 9,942,726</u> | <u>\$ 8,804,438</u> | <u>\$ 9,583,775</u> | <u>\$ 6,697,654</u> | <u>\$ 8,952,374</u> | <u>\$ 10,403,522</u> | <u>\$ 6,715,171</u> | <u>\$ 8,827,124</u> | <u>\$ 8,827,124</u> | <u>\$ 3,171,138</u> |

Note: Information for fiscal years 2010 to 2013 have not been restated for Governmental Accounting Standards Board (GASB) Statement No. 54 classifications.

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CITY OF DANIA BEACH, FLORIDA
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

TABLE 4

| | Fiscal Year | | | | | | | | | |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| REVENUES: | | | | | | | | | | |
| Property taxes | \$ 17,691,570 | \$ 17,452,748 | \$ 16,798,253 | \$ 16,750,836 | \$ 15,872,847 | \$ 15,604,005 | \$ 15,467,882 | \$ 16,135,270 | \$ 16,650,291 | \$ 17,835,092 |
| Special assessments | 2,955,494 | 2,542,334 | 2,772,620 | 2,789,488 | 3,937,523 | 4,082,820 | 4,065,279 | 5,052,071 | 5,081,535 | 5,821,427 |
| Franchise fees | 2,311,503 | 2,306,262 | 2,282,918 | 2,068,527 | 2,123,895 | 2,238,321 | 2,292,448 | 2,619,934 | 2,614,609 | 2,571,950 |
| Utility taxes | 4,013,192 | 4,332,499 | 4,212,067 | 4,364,708 | 4,288,639 | 4,300,248 | 4,617,269 | 3,543,297 | 3,582,609 | 3,627,385 |
| Licenses and permits | 1,780,133 | 1,730,787 | 2,922,086 | 1,871,371 | 1,968,915 | 2,188,191 | 3,280,797 | 3,301,706 | 4,195,456 | 3,380,233 |
| Intergovernmental | 3,443,954 | 3,357,296 | 3,148,474 | 3,054,591 | 3,189,370 | 3,494,027 | 3,669,786 | 5,165,694 | 5,379,885 | 5,428,609 |
| Charges for services | 3,782,429 | 3,985,026 | 4,090,731 | 3,916,010 | 3,235,985 | 3,277,333 | 3,455,651 | 3,582,482 | 3,669,894 | 4,219,586 |
| Fines and forfeitures | 794,496 | 796,864 | 455,100 | 562,067 | 445,980 | 738,356 | 376,050 | 461,816 | 565,491 | 512,683 |
| Investment earnings | 1,973,323 | 1,561,622 | 813,306 | 512,983 | 126,727 | 183,364 | 81,131 | 63,047 | 111,579 | 253,495 |
| Grants | 1,611,161 | 604,405 | 261,480 | 311,969 | 3,939,790 | 1,736,388 | 869,231 | 5,382,283 | 1,206,491 | 531,213 |
| Contributions | 13,740 | 10,270 | 18,660 | 7,811 | 3,540 | - | - | - | - | - |
| Miscellaneous | 1,146,056 | 1,145,949 | 1,416,883 | 1,164,276 | 1,577,817 | 2,313,528 | 4,687,533 | 2,071,530 | 1,944,997 | 2,474,457 |
| Total revenues | \$ 41,517,051 | \$ 39,826,062 | \$ 39,192,578 | \$ 37,374,637 | \$ 40,711,028 | \$ 40,156,581 | \$ 42,863,057 | 47,379,130 | 45,002,837 | 46,656,130 |
| EXPENDITURES: | | | | | | | | | | |
| General government | \$ 7,863,133 | 8,334,222 | 8,604,488 | 8,483,735 | 9,021,525 | 7,586,634 | 6,541,309 | 5,917,429 | 5,787,355 | 9,262,106 |
| Public safety | 16,553,767 | 17,455,196 | 19,427,161 | 20,553,073 | 22,073,028 | 21,664,048 | 22,369,619 | 23,550,421 | 25,363,517 | 28,087,146 |
| Highways and streets | 2,591,656 | 1,855,391 | 1,511,723 | 1,684,765 | 1,487,793 | 2,048,198 | 3,190,349 | 1,621,968 | 1,599,671 | 2,684,886 |
| Physical environment | 2,319,206 | 2,415,094 | 2,659,401 | 2,750,208 | 2,700,705 | 2,826,999 | 2,857,462 | 3,502,300 | 3,697,428 | 4,689,865 |
| Community redevelopment | 2,947,011 | 3,392,049 | 661,950 | 1,315,063 | 1,668,422 | 2,635,972 | 6,671,194 | 3,288,017 | 3,534,196 | 3,754,678 |
| Culture and recreation | - | 231,915 | 2,971,721 | 3,468,938 | 3,119,180 | 4,780,910 | 3,154,702 | 6,297,054 | 2,897,830 | 3,424,775 |
| Capital outlay* | 3,394,871 | 7,269,855 | 3,784,234 | 12,310,518 | 2,982,416 | - | - | - | - | - |
| Debt service: | - | - | - | - | - | - | - | - | - | - |
| Principal** | 1,008,070 | 1,015,193 | 911,489 | 905,491 | 1,095,106 | 1,042,551 | 3,066,126 | 1,065,831 | 6,300,947 | 659,064 |
| Interest and fiscal charges | 646,015 | 606,424 | 549,203 | 503,330 | 676,297 | 621,236 | 597,424 | 500,815 | 457,262 | 181,798 |
| Bond issuance costs | - | - | - | 25,000 | - | - | - | - | - | - |
| Total expenditures | \$ 37,323,729 | \$ 42,575,339 | \$ 41,081,370 | \$ 52,000,121 | \$ 44,824,472 | \$ 43,206,548 | \$ 48,448,185 | \$ 45,743,835 | \$ 49,638,206 | \$ 52,744,318 |

CITY OF DANIA BEACH, FLORIDA
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(continued)

TABLE 4 (Cont'd)

| | Fiscal Year | | | | | | | | | |
|---|--------------|----------------|----------------|-----------------|----------------|----------------|----------------|--------------|----------------|----------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Excess (deficiency) of Revenues over expenditures | \$ 4,193,322 | \$ (2,749,277) | \$ (1,888,792) | \$ (14,625,484) | \$ (4,113,444) | \$ (3,049,967) | \$ (5,585,130) | \$ 3,138,342 | \$ (4,635,369) | \$ (6,088,188) |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | | |
| Note proceeds | - | - | 2,334,200 | 7,236,764 | 787,095 | - | - | - | 5,440,773 | 2,881,909 |
| Debt issuance costs | | | | | | | | | (83,008) | - |
| Transfers in | 4,599,943 | 8,882,030 | 4,730,472 | 12,029,648 | 6,553,593 | 13,214,460 | 13,145,974 | 10,642,062 | 8,548,499 | 9,299,410 |
| Transfers out | (4,121,609) | (8,394,070) | (4,188,114) | (11,690,668) | (5,704,617) | (10,432,618) | (8,095,137) | (9,323,778) | (5,167,659) | (5,918,570) |
| Transfer from reserves | - | - | - | - | - | - | - | - | - | - |
| Capital lease proceeds | - | - | - | - | - | - | - | - | - | - |
| Total other financing Sources (uses) | 478,334 | 487,960 | 2,876,558 | 7,575,744 | 1,636,071 | 2,781,842 | 5,050,837 | 1,318,284 | 8,738,605 | 6,262,749 |
| Net change in fund balances | \$ 4,671,656 | \$ (2,261,317) | \$ 987,766 | \$ (7,049,740) | \$ (2,477,373) | \$ (268,125) | \$ (534,293) | \$ 4,456,626 | \$ 4,103,236 | \$ 174,561 |
| DEBT SERVICE AS A % OF NON-CAPITAL EXPENDITURE | 4.88% | 4.59% | 3.92% | 3.55% | 4.23% | 4.26% | 7.88% | 3.91% | 2.58% | 1.67% |

*Note: Capital outlay was no longer treated as a separate line item after 2011 but is included in the natural classification. refer to footnote 6 for the number which is backed out of the total expenditures.

** In 2016 the City refunded debt in the amount of \$2,935,000 which is included in the debt fund general government expenditures and is not included under the principal line item. The balance is included in the above calculation.

CITY OF DANIA BEACH, FLORIDA
VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

TABLE 5

| Fiscal Year | Taxable Value of Personal and Real Property | Taxable Value of Centrally Assessed Property for | Gross | Less | Total Taxable | |
|---------------------|---|--|------------------|---------------------|------------------|--------------|
| Ended September 30, | For Operating Purposes | Operating Purposes | Taxable Value | Tax-Exempt Property | Assessed Value | Millage Rate |
| 2007 | \$ 3,459,245,548 | \$ 2,489,914 | \$ 3,461,735,462 | \$ 475,243,055 | \$ 2,986,492,407 | 6.2169 |
| 2008 | 3,779,716,562 | 2,687,574 | 3,782,404,136 | 472,937,316 | 3,309,466,820 | 5.5360 |
| 2009 | 3,769,003,270 | 3,461,076 | 3,772,464,346 | 629,905,002 | 3,142,559,344 | 5.5444 |
| 2010 | 3,559,009,784 | 2,943,777 | 3,561,953,561 | 622,764,458 | 2,939,189,103 | 6.1557 |
| 2011 | 3,266,278,557 | 2,370,745 | 3,268,649,302 | 579,843,129 | 2,688,806,173 | 6.2450 |
| 2012 | 3,208,220,545 | 2,426,840 | 3,210,647,385 | 583,229,819 | 2,627,417,566 | 6.2507 |
| 2013 | 3,172,675,082 | 2,244,996 | 3,174,920,078 | 575,693,985 | 2,599,226,093 | 6.2678 |
| 2014 | 3,312,446,134 | 2,562,196 | 3,315,008,330 | 565,619,140 | 2,749,389,190 | 6.2688 |
| 2015 | 3,477,989,835 | 3,044,295 | 3,481,034,130 | 588,004,832 | 2,893,029,298 | 6.2593 |
| 2016 | 3,661,796,706 | 3,721,620 | 3,665,518,326 | 572,809,972 | 3,092,708,354 | 6.2432 |

* Annexation took place in November 2001.

Source: Broward County Property Appraiser (Form DR-403)

Notes: The Millage Rate is the rate used in the calculation for property taxes. One mil equals \$ 1 per \$ 1,000 of taxable value. A millage of 6.2432 which is the current rate in effect of the City of Dania Beach is equal to \$ 6.2432 per each \$ 1,000 of taxable value on real property.

CITY OF DANIA BEACH, FLORIDA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

TABLE 6

| Fiscal Year | Basic Rate | Voted Debt Service | Total Direct | Broward County | Broward Country Schools | Children's Services Council | South Florida Water Management District | Florida Inland Navigation District | South Broward Hospital District | Total Direct and Overlapping |
|-------------|------------|--------------------|--------------|----------------|-------------------------|-----------------------------|---|------------------------------------|---------------------------------|------------------------------|
| 2007 | 6.0679 | 0.1490 | 6.2169 | 6.0661 | 7.8687 | 0.4073 | 0.6970 | 0.0385 | 1.3300 | 22.6245 |
| 2008 | 5.4044 | 0.1316 | 5.5360 | 5.2868 | 7.6484 | 0.3572 | 0.6240 | 0.0345 | 1.1643 | 20.6512 |
| 2009 | 5.4044 | 0.1400 | 5.5444 | 5.3145 | 7.4170 | 0.3754 | 0.6240 | 0.0345 | 1.1913 | 20.5011 |
| 2010 | 6.0043 | 0.1514 | 6.1557 | 5.2163 | 7.4310 | 0.4243 | 0.6240 | 0.0345 | 1.2732 | 21.1590 |
| 2011 | 5.9998 | 0.2452 | 6.2450 | 5.5530 | 7.6310 | 0.4696 | 0.6240 | 0.0345 | 1.2732 | 21.8303 |
| 2012 | 5.9998 | 0.2509 | 6.2507 | 5.5530 | 7.4180 | 0.4789 | 0.4363 | 0.0345 | 0.7500 | 20.9214 |
| 2013 | 5.9998 | 0.2680 | 6.2678 | 5.5530 | 7.4560 | 0.4902 | 0.4289 | 0.0345 | 0.6000 | 20.8304 |
| 2014 | 5.9998 | 0.2690 | 6.2688 | 5.7230 | 7.4800 | 0.4882 | 0.4110 | 0.0345 | 0.4000 | 20.8055 |
| 2015 | 5.9998 | 0.2595 | 6.2593 | 5.7230 | 7.4380 | 0.4882 | 0.3842 | 0.0345 | 0.1863 | 20.5135 |
| 2016 | 5.9998 | 0.2434 | 6.2432 | 5.7230 | 7.2740 | 0.4882 | 0.3551 | 0.0320 | 0.1737 | 20.2892 |

Source: Broward County Property Appraiser

Notes: The Millage Rate is the rate used in the calculation for property taxes. One mil equals \$ 1 per \$ 1,000 of taxable value. A millage of 6.2434 which is the current rate in effect of the City of Dania Beach is equal to \$ 6.2434 per each \$ 1,000 of taxable value on real property.

CITY OF DANIA BEACH, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO

TABLE 7

| | 2016 | | | 2007 | | |
|-----------------------------------|------------------------------|------|--|------------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
| FLORIDA POWER & LIGHT CO | \$ 375,608,962 | 1 | 13.97% | \$ 107,306,916 | 1 | 4.32% |
| DESIGN CENTER OF THE AMERICAS | 52,949,360 | 2 | 1.97% | 77,646,760 | 2 | 3.12% |
| SOUTH FLORIDA MATERIALS | 36,418,160 | 3 | 1.35% | - | - | 0.00% |
| COHEN DANIA BEACH HOTEL LLC | 30,924,040 | 4 | 1.15% | - | - | 0.00% |
| DANIA LIVE 1748 LLC | 29,827,060 | 5 | 1.11% | - | - | 0.00% |
| EC- DANIA BEACH CLUB LLC | 25,937,993 | 6 | 0.96% | - | - | 0.00% |
| AQUA ISLES OWNER LLC | 22,431,330 | 7 | 0.83% | - | - | 0.00% |
| DANIA ENTERTAINMENT CENTER LLC | 21,192,080 | 8 | 0.79% | - | - | 0.00% |
| TGC DANIA LLC GOODMAN COMPANY | 21,152,140 | 9 | 0.75% | - | - | 0.00% |
| DCOTA DEV CO LTD PRTNR | 20,050,640 | 10 | 0.75% | - | 3 | 2.08% |
| Total | \$ 636,491,765 | | 23.67% | \$ 184,953,676 | | 9.52% |

Source: Broward County Revenue Collection Division

(1) Property values assessed as of January 1, 2016

(2) Property values assessed as of January 1, 2006

CITY OF DANIA BEACH, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

TABLE 8

| Fiscal Year Ended September 30, | Collected within the Fiscal Year of the Levy | | | | Total Collections to Date | | |
|--|---|---------------|---------------------------|---------------------------------------|---------------------------|---------------------------|--|
| | Taxes Levied for the Year | Amount | Percentage of the Levy | Collections in Subsequent Years | Amount | Percentage of the Levy | |
| 2007 | \$ 18,400,743 | \$ 17,593,792 | 95.61% | \$ 97,778 | \$ 17,691,570 | 96.15% | |
| 2008 | 18,556,030 | 17,332,196 | 93.40% | 120,552 | 17,452,748 | 94.05% | |
| 2009 | 17,488,859 | 16,530,749 | 94.52% | 267,504 | 16,798,253 | 96.05% | |
| 2010 | 17,978,399 | 15,735,773 | 87.53% | 1,015,063 | 16,750,836 | 93.17% | |
| 2011 | 16,654,408 | 14,973,597 | 89.91% | 899,250 | 15,872,847 | 95.31% | |
| 2012 | 16,112,498 | 14,824,418 | 92.01% | 779,588 | 15,604,005 | 96.84% | |
| 2013 | 16,141,294 | 14,886,515 | 92.23% | 581,367 | 15,467,882 | 95.83% | |
| 2014 | 16,850,215 | 15,617,070 | 92.28% | 518,200 | 6,135,270 | 36.41% | |
| 2015 | 17,474,301 | 16,124,560 | 92.28% | 525,731 | 16,650,291 | 95.28% | |
| 2016 | 18,530,248 | 17,273,014 | 93.22% | 562,078 | 17,835,092 | 96.25% | |

Source: Broward County Revenue Collector

CITY OF DANIA BEACH, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

TABLE 9

| Fiscal Year | Governmental Activities | | | | Business-Type Activities | | | | Total Government | Per Capita For Government Activities* | Per Customer for Business Activities** |
|-------------|-------------------------|--------------------------|---------------|------------------------|--------------------------|---------------------|---------------|------------------------------|------------------|---------------------------------------|--|
| | Sales Tax Revenue Bonds | General Obligation Bonds | Notes Payable | Capital Leases Payable | Capital Leases Payable | Sewer Revenue Bonds | Notes Payable | State Revolving Loan Payable | | | |
| 2007 | \$ 2,450,000 | \$ 6,535,000 | \$ 4,667,951 | - | \$ 205,265 | - | \$ 89,378 | \$ 6,271,030 | \$ 20,218,624 | 469 | 1,353 |
| 2008 | 2,360,000 | 6,405,000 | 4,037,556 | - | 40,470 | - | 68,190 | 7,804,090 | 20,715,306 | 441 | 1,676 |
| 2009 | 2,270,000 | 6,270,000 | 5,725,739 | - | - | - | 51,740 | 7,499,601 | 21,817,081 | 502 | 1,607 |
| 2010 | 2,175,000 | 9,630,000 | 7,786,925 | 1,005,855 | - | - | 34,549 | 8,489,981 | 29,122,310 | 727 | 1,814 |
| 2011 | 2,075,000 | 9,430,000 | 7,091,636 | 1,795,014 | - | - | 16,605 | 11,652,178 | 32,060,433 | 689 | 2,483 |
| 2012 | 1,970,000 | 9,230,000 | 6,438,646 | 1,605,454 | - | - | - | 13,919,426 | 33,163,526 | 644 | 2,962 |
| 2013 | 1,615,000 | 8,595,000 | 5,944,144 | 1,415,894 | - | - | 2,673,790 | 13,648,761 | 33,892,589 | 581 | 3,473 |
| 2014 | 1,455,000 | 8,295,000 | 5,585,553 | 1,226,334 | - | - | 2,598,790 | 13,754,837 | 32,915,514 | 546 | 3,479 |
| 2015 | 1,305,000 | 8,375,773 | 5,243,729 | 1,036,775 | - | - | 2,478,790 | 14,547,371 | 32,987,438 | 525 | 3,623 |
| 2016 | 1,150,000 | 8,260,773 | 5,069,234 | 847,216 | - | - | 2,353,790 | 13,532,157 | 31,213,170 | 489 | 3,380 |

* Total debt for Governmental Activities reflected as a percentage of personal income is 1.52%.

**The majority of outstanding debt for Business-Type Activities is applicable to only 15.7% of the City's overall population.

CITY OF DANIA BEACH, FLORIDA
RATIOS OF GENERAL BONDED DEBT
LAST SEVEN FISCAL YEARS

TABLE 10

| Fiscal Year | General Obligation Bonds | Total | Percentage of Actual Taxable Value | Per Capita |
|----------------|--------------------------------|--------------|---|------------|
| 2007 | \$ 6,775,000 | \$ 6,775,000 | - | 241 |
| 2008 | 6,405,000 | 6,405,000 | 0.1935% | 220 |
| 2009 | 6,270,000 | 6,270,000 | 0.1995% | 221 |
| 2010 | 9,630,000 | 9,630,000 | 0.3276% | 340 |
| 2011 | 9,430,000 | 9,430,000 | 0.3507% | 319 |
| 2012 | 9,230,000 | 9,230,000 | 0.3513% | 309 |
| 2013 | 8,595,000 | 8,595,000 | 0.3307% | 284 |
| 2014 | 8,295,000 | 8,295,000 | 0.3017% | 273 |
| 2015 | 8,375,773 | 8,375,773 | 0.2942% | 278 |
| 2016 | 8,260,773 | 8,260,773 | 0.2577% | 256 |

Note: There were no General Obligation Bonds outstanding prior to fiscal year 2005.

CITY OF DANIA BEACH, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2016

TABLE 11

| GOVERNMENTAL UNIT: | Debt Outstanding (1) | Estimated Percentage Applicable | Estimated Share of Overlapping Debt |
|---|-------------------------|---------------------------------------|--|
| Debt repaid with property taxes: | | | |
| Broward County General Obligation Debt | \$ 232,035,000 | 1.946% | \$ 4,515,401 |
| Other debt: | | | |
| Broward County Revenue Bonds | 320,835,000 | 1.946% | 6,243,449 |
| Broward County COP Debt | - | | - |
| Broward County Other Debt | 6,140,000 | 1.946% | 119,484 |
| School Board of Broward County COP Debt | 1,490,565,000 | 1.794% | 26,740,736 |
| School Board of Broward County Other Debt | 211,066,000 | 1.794% | 3,786,524 |
| Subtotal, overlapping debt | | | 41,405,595 |
| City direct debt | 14,480,007 | 100.00% | 14,480,007 |
| Total direct and overlapping debt | | | \$ 55,885,602 |

Source: Broward County and the School Board of Broward County

(1) The percentage of overlapping debt applicable is using taxable assessed property values. Taxable value that is within the City's boundaries is divided by the County and School Board's total taxable assessed value (Source: Form DR-420)

CITY OF DANIA BEACH, FLORIDA
 PLEDGED REVENUE COVERAGE -
 ELECTRIC UTILITY TAX
 LAST SEVEN FISCAL YEAR

TABLE 12

| Fiscal Year Ended September 30, | Electric Utility Tax | Principal | Interest | Total Debt Service | Debt Coverage |
|--|----------------------------|------------|-----------|--------------------------|------------------|
| 2007 | \$ 2,094,152 | \$ 294,635 | \$ 71,218 | \$ 365,853 | 6.20 |
| 2008 | 2,097,524 | 291,711 | 58,853 | 350,564 | 6.48 |
| 2009 | 2,058,835 | 95,273 | 44,058 | 139,331 | 14.78 |
| 2010 | 2,251,162 | 100,800 | 38,597 | 139,397 | 16.15 |
| 2011 | 2,284,989 | 106,648 | 32,675 | 139,323 | 16.40 |
| 2012 | 2,284,368 | 112,835 | 26,560 | 139,395 | 0.39 |
| 2013 | 2,497,523 | 119,382 | 20,014 | 139,397 | 17.92 |
| 2014 | 2,744,101 | 126,309 | 13,049 | 139,358 | 19.69 |
| 2015 | 2,750,822 | 133,637 | 5,698 | 139,335 | 19.74 |

Note: Electric utility tax revenues were not pledged to any outstanding debt in fiscal year 2016.

CITY OF DANIA BEACH, FLORIDA
 PLEDGED REVENUE COVERAGE –
 ELECTRIC FRANCHISE FEES
 LAST SEVEN FISCAL YEARS

TABLE 13

| Fiscal Year Ended September 30, | Electric Utility Tax | Principal | Interest | Total Debt Service | Debt Coverage |
|--|----------------------------|------------|-----------|--------------------------|------------------|
| 2007 | \$ 2,268,676 | \$ 294,635 | \$ 71,218 | \$ 365,853 | 6.20 |
| 2008 | 2,270,251 | 291,711 | 58,853 | 350,564 | 6.48 |
| 2009 | 2,246,823 | 288,864 | 46,411 | 335,275 | 6.70 |
| 2010 | 2,041,381 | 284,649 | 32,811 | 317,460 | 6.43 |
| 2011 | 2,022,391 | 312,718 | 23,384 | 336,103 | 6.02 |
| 2012 | 1,950,481 | 275,608 | 6,473 | 282,081 | 6.91 |
| 2013 | 1,949,911 | 34,975 | 865 | 35,841 | 54.40 |

Note: Electric franchise fees revenues were not pledged to any outstanding debt after 2013.

CITY OF DANIA BEACH, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

TABLE 14

| Year | Population (1) | Personal Income (Thousands of Dollars) (2) | Per Capita Personal (2) | School Enrollment (3) | Unemployment Rate (4) |
|------|-------------------|--|-------------------------------|-----------------------------|-----------------------------|
| 2007 | 29,524 | \$ 71,994,871 | \$ 41,169 | 2,011 | 4.5% |
| 2008 | 29,098 | 73,590,969 | 41,974 | 2,110 | 6.8% |
| 2009 | 28,391 | 72,752,112 | 41,185 | 1,951 | 10.7% |
| 2010 | 28,331 | 72,731,461 | 41,511 | 1,914 | 11.7% |
| 2011 | 29,596 | 76,133,577 | 42,768 | 1,905 | 9.6% |
| 2012 | 29,873 | 78,687,882 | 43,351 | 1,778 | 7.7% |
| 2013 | 30,233 | 80,525,783 | 43,792 | 1,627 | 7.3% |
| 2014 | 30,351 | 80,905,552 | 43,283 | 1,603 | 6.1% |
| 2015 | 30,644 | 85,167,498 | 44,429 | 1,503 | 5.6% |
| 2016 | 31,093 | N/A | N/A | 1,576 | 4.9% |

Sources:

- (1) Bureau of Economic and Business Research, University of Florida.
- (2) Bureau of Economic Analysis, U.S. Department of Commerce. Information was not available at the City level. Totals are for all of Broward County.
- (3) School Board of Broward County. 20th day counts.
- (4) Bureau of Labor Statistics, U.S. Department of Labor.

Adjusted) Miami-Ft. Lauderdale-Pompano Beach, FL Metropolitan Statistical Area (Not Seasonally

N/A Information is not available

CITY OF DANIA BEACH, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND SEVEN YEARS AGO

TABLE 15

| Taxpayer | 2016 | | | 2009 | | |
|--------------------------------|-----------|------|--|-----------|------|--|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Bass Pro Shops - Outdoor World | 380 | 1 | 2.419% | 180 | 5 | 1.127% |
| Dania Jai-Alai | 349 | 2 | 2.221% | 171 | 8 | 1.070% |
| Publix Supermarkets, Inc. | 312 | 3 | 1.986% | 285 | 2 | 1.784% |
| School Board of Broward County | 214 | 4 | 1.362% | 341 | 1 | 2.134% |
| Uniweld Products, Inc. | 182 | 5 | 1.158% | 182 | 4 | 1.139% |
| American Maritime Officers | 150 | 6 | 0.955% | 172 | 7 | 1.077% |
| City of Dania Beach | 129 | 7 | 0.821% | 250 | 3 | 1.565% |
| Kenan Transport | 2 | 8 | 0.013% | 160 | 9 | 1.001% |
| Total | 1,718 | | 10.934% | 1,741 | | 10.897% |

Note: Data for the nine years preceeding the current period is not attainable.

CITY OF DANIA BEACH, FLORIDA
CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

TABLE 16

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| FUNCTION/PROGRAM: | | | | | | | | | | |
| General government: | | | | | | | | | | |
| Management | 15.50 | 17.18 | 18 | 16.00 | 15.50 | 15.50 | 15.50 | 17 | 16.50 | 16.50 |
| Finance | 9.00 | 9.00 | 8.00 | 8.00 | 9.00 | 8.00 | 9.00 | 9.00 | 10.00 | 10.00 |
| Human resources | 4.00 | 3.00 | 3.00 | 3.50 | 3.50 | 2.50 | 2.50 | 2.50 | 2.50 | 3.00 |
| Community development | 15.00 | 14.00 | 12 | 11.00 | 10.00 | 10.00 | 10.00 | 10 | 10.00 | 11.75 |
| Public safety /Code | 70.00 | 70.00 | 70 | 68.00 | 77.00 | 10.00 | 9.00 | 11 | 10.50 | 11.75 |
| Highways and streets | 10.00 | 10.00 | 9.00 | 9.00 | 8.00 | 7.00 | 8.00 | 8.00 | 8.00 | 9.00 |
| Physical environment | 13.00 | 13.00 | 12 | 12.00 | 15.62 | 12.45 | 11.45 | 12.45 | 14.45 | 15.00 |
| Culture and recreation | 25.40 | 24.02 | 23 | 20.06 | 20.34 | 20.19 | 22.09 | 21.09 | 22.10 | 23.00 |
| Water | 14.50 | 14.50 | 15 | 14.50 | 14.75 | 16.95 | 16.95 | 16.95 | 17.95 | 17.50 |
| Sewer | 7.50 | 7.50 | 7.50 | 8 | 7.75 | 5.05 | 5.05 | 5.05 | 4.05 | 5.00 |
| Stormwater | 5.00 | 5.00 | 5.00 | 5.00 | 5.50 | 6.55 | 6.55 | 5.55 | 5.55 | 7.00 |
| Total | <u>188.90</u> | <u>187.20</u> | <u>181.80</u> | <u>174.56</u> | <u>186.96</u> | <u>114.19</u> | <u>116.09</u> | <u>117.59</u> | <u>121.60</u> | <u>129.50</u> |

Notes:

- (1) Prior to fiscal year 2004, no part-time positions were included. After fiscal year 2004, part time positions are reported as full-time equivalents.
- (2) Part-time equivalent to full-time positions are not available prior to fiscal year 2004.
- (3) Beginning in fiscal year 2006, Building Official and Plumbing Inspector positions are contracted with Broward County.
- (4) Beginning in fiscal year 2009, the Business Tax Division was reclassified from Community Development to the Code Compliance Unit.
- (5) Beginning in fiscal year 2011, the Fire Department positions are contracted with BSO.

CITY OF DANIA BEACH, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

TABLE 17

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2013 | 2014 | 2015 | 2016 |
|---|------------|------------|-------------|------------|------------|------------|------------|------------|------------|-------------|------------|
| FUNCTION/PROGRAM: | | | | | | | | | | | |
| Police: | | | | | | | | | | | |
| Physical arrests | 4,039 | 2,853 | 1,873 | 1,777 | 1,180 | 3,700 | 1,343 | 1,343 | 1,492 | 1,240 | 935 |
| Parking violations | 108 | 3,282 | 1,693 | 602 | 204 | 40 | 69 | 69 | n/a | 46 | 466 |
| Traffic violations | 9,405 | 7,489 | 6,285 | 4,060 | 4,575 | 4,106 | 3,377 | 3,377 | 4,541 | 5,659 | 5,428 |
| Fire protection/prevention: | | | | | | | | | | | |
| Emergency responses | 7,618 | 6,776 | 6,298 | 7,479 | 5,099 | 4,844 | 6,249 | 6,249 | 6,176 | 6,338 | 6,617 |
| Fires extinguished (approx.) | 326 | 148 | 173 | 116 | 1,493 | N/A | N/A | N/A | N/A | 47 | 69 |
| Fire inspections | 4,020 | 3,087 | 3,125 | 3,360 | 3,010 | 1,802 | 1,830 | 1,830 | 3,124 | 1,647 | 2,514 |
| Community development: | | | | | | | | | | | |
| Building permits issued | 3,626 | 2,829 | 2,386 | 1,876 | 2,448 | 2,094 | 2,758 | 2,758 | 2,514 | 2,546 | 2,840 |
| Building permits construction value | 72,941,115 | 72,313,828 | 100,586,870 | 19,031,723 | 32,610,526 | 32,780,227 | 85,945,041 | 85,945,041 | 37,857,133 | 101,960,569 | 27,498,593 |
| Number of cited code violations | 2,854 | 2,539 | 2,366 | 1,931 | 1,792 | 612 | 538 | 538 | 1,642 | 663 | 1,729 |
| Public works: | | | | | | | | | | | |
| Miles of roads resurfaced | 15 | 5 | 4 | 4 | - | - | - | - | - | 4 | 5 |
| Potholes repaired | 12 | 12 | 12 | 12 | 336 | 680 | 823 | 823 | 560 | 250 | 316 |
| Parks and recreation: | | | | | | | | | | | |
| Facility rentals | 7,648 | 10,721 | 9,977 | 8,975 | 10,500 | 10,000 | 9,000 | 9,000 | 10,500 | 140 | 175 |
| Parks/sports attendance | 27,399 | 34,572 | 26,710 | 25,975 | 57,500 | 55,227 | 58,398 | 58,398 | 71,048 | 4,500 | 8,500 |
| Programs attendance | 8,540 | 15,587 | 38,013 | 21,960 | 13,910 | 6,730 | 15,060 | 15,060 | 14,385 | 11,850 | 16,297 |
| Water: | | | | | | | | | | | |
| Average daily consumption (thousands of gallons) | 2,218 | 2,061 | 2,260 | 2,293 | 2,230 | 1,875 | 1,926 | 1,926 | 1,889 | 1,891 | 1,937 |
| Peak daily consumption (thousands of gallons) | 2,700 | 2,342 | 2,670 | 2,679 | 2,860 | 3,600 | 2,640 | 2,640 | 2,235 | 2,361 | 2,333 |
| Sewer: | | | | | | | | | | | |
| Average daily sewage treatment (thousands of gallons) | 3,203 | 3,150 | 3,312 | 3,518 | 3,240 | 3,200 | 3,325 | 3,325 | 3,417 | 3,200 | 3,200 |

CITY OF DANIA BEACH, FLORIDA
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

TABLE 18

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|------|------|
| FUNCTION/PROGRAM: | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Stations | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Fire protection: | | | | | | | | | | |
| Stations | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Rescue units | 9 | 9 | 8 | 8 | 4 | 4 | 4 | 4 | 2 | 2 |
| Public works: | | | | | | | | | | |
| Streets (miles) | 150.4 | 150.4 | 150.4 | 150.4 | 150.4 | 150.4 | 97 | 97 | 97 | 97 |
| Length of sidewalks | 61.9 | 61.9 | 61.9 | 61.9 | 61.9 | 61.9 | 86 | 86 | 87 | 88 |
| Parks and recreation: | | | | | | | | | | |
| Parks acreage | 56.63 | 56.63 | 56.63 | 56.63 | 56.63 | 56.63 | 56.5 | 60.56 | 60 | 60.2 |
| Baseball diamonds | 7 | 7 | 7 | 7 | 7 | 6 | 5 | 6 | 6 | 6 |
| Community centers | 4 | 4 | 4 | 5 | 5 | 4 | 5 | 5 | 5 | 5 |
| Water: | | | | | | | | | | |
| Length of water mains (miles) | 68.23 | 70.58 | 70.58 | 70.58 | 70.58 | 76 | 76.06 | 76 | 76 | 76 |
| Sewer/stormwater: | | | | | | | | | | |
| Length of sewer mains (miles) | 43.60 | 43.60 | 43.60 | 43.60 | 44.00 | 44 | 46 | 46 | 46 | 45 |
| Length of storm drains (miles) | 14.30 | 14.30 | 14.30 | 14.30 | 14.00 | 14 | 15 | 15 | 15 | 15 |

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and Members of the City Commission
City of Dania Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dania Beach, Florida (the 'City'), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's, basic financial statements, and have issued our report thereon dated March 7, 2017.

Our report includes a reference to other auditors who audited the financial statements of the Police Officers and Firefighters Pension Trust Funds, as described in our report on City's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida
March 7, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Honorable Mayor and City Commission
City of Dania Beach, Florida

We have examined the City of Dania Beach's (the City's) compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2016. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2016. This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, management, and the City Commission and is not intended to be and should not be used by anyone other than these specified parties.

We did not audit the financial statements of the City of Dania Beach's Police Officers' and Firefighters' Pension Plan which represents 55 percent, of the total assets and net position and 76 percent of revenues of the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the fiduciary funds, is based solely on the report of the other auditors.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida
March 7, 2017

To the Commissioners
Dania Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Dania Beach, Florida, as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated March 7, 2017.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report(s) on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 7, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report

| Tabulation of Uncorrected Audit Findings | | | | | |
|--|------|------------------------|----|------------------------|----|
| Current Finding No. | Year | 2014-15 Finding No. | FY | 2013-14 Finding No. | FY |
| None | | None | | None | |

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Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City of Dania Beach was established by charter and is a political subdivision of the State of Florida, incorporated in 1904, under the Laws of Florida. The City of Dania Beach, Florida has no component units included in this financial statement report.

Financial Condition

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not City of Dania Beach, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City of Dania Beach, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City of Dania Beach, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City of Dania Beach, Florida for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that there are no special district component units associated with the City of Dania Beach for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the City Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida
March 7, 2017